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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PAKISTAN CREDIT RATING AGENCY LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **THE PAKISTAN CREDIT RATING AGENCY LIMITED** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows, for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BDO

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

BDO

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the unconsolidated notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The unconsolidated financial statements of the Company for the year ended June 30, 2023 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon vide their report dated October 09, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.

BDO Ebrahim & Co

LAHORE

DATED: October 02, 2024

UDIN: AR202410087WhbD8LGPg

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	8	19,326,133	25,037,024
Intangible assets	9	3,746,083	3,799,443
Right of use assets	10	6,254,321	10,607,079
Long term investments	11	105,833,000	100,100,000
Long term deposits	12	1,335,300	1,335,300
Deferred taxation	13	5,984,077	6,414,381
		142,478,915	147,293,227
CURRENT ASSETS			
Trade debts - Unsecured	14	98,154,471	83,093,221
Receivable from related parties	15	651,676	14,649,976
Loan to an associate - Unsecured	16	-	30,000,000
Advances, prepayments and other receivables	17	5,176,796	3,842,131
Short term investment	18	39,048,345	44,202,019
Cash and bank balances	19	54,890,097	81,611,600
		197,921,385	257,398,947
TOTAL ASSETS		340,400,300	404,692,174
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,500,000 (June 30, 2023: 12,500,000) ordinary shares of Rs. 10/- each	20.1	125,000,000	125,000,000
Issued, subscribed and paid-up share capital	20.2	74,529,000	74,529,000
Unappropriated profit		99,620,207	129,456,345
		174,149,207	203,985,345
NON-CURRENT LIABILITIES			
Lease liabilities	21	-	8,156,743
CURRENT LIABILITIES			
Current portion of lease liabilities	21	8,217,558	5,924,140
Short term borrowings - Secured	22	-	-
Accrued markup	23	3,722,195	30,034
Contract liabilities	24	79,281,470	106,587,115
Taxation - Net	25	3,179,306	8,763,146
Trade and other payables	26	71,850,563	71,245,651
		166,251,092	192,550,086
		166,251,092	200,706,829
TOTAL EQUITY AND LIABILITIES		340,400,300	404,692,174
CONTINGENCIES AND COMMITMENTS	27		

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

BDO
Usman Haider

CHIEF EXECUTIVE OFFICER **DIRECTOR**

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Revenue from contracts with customers - Net	28	439,229,257	402,617,153
Remuneration cost	29	(218,607,230)	(189,865,934)
Infrastructure cost	30	(32,860,503)	(28,457,318)
Administrative cost	31	(34,187,431)	(24,973,447)
		(285,655,164)	(243,296,699)
Operating profit		153,574,093	159,320,454
Allowance for expected credit losses on trade debts	14	(572,793)	(2,469,452)
Other income	32	17,811,226	17,926,885
Finance cost	33	(6,029,186)	(3,765,492)
Profit before income tax and final tax		164,783,340	171,012,395
Final tax	34	(122,626)	(434,585)
Profit before income tax		164,660,714	170,577,810
Income tax	34	(49,537,947)	(44,974,873)
Profit after income tax		115,122,767	125,602,937
Earnings per share			
- Basic and diluted	35	15.45	16.85

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

BDO

Usman Haider

CHIEF EXECUTIVE OFFICER

DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Profit after income tax	115,122,767	125,602,937
Other comprehensive income	-	-
Items that will not be reclassified to profit or loss in subsequent periods	-	-
Items that may be reclassified to profit or loss in subsequent periods	-	-
Total comprehensive income for the year	115,122,767	125,602,937

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

BDO

CHIEF EXECUTIVE OFFICER **DIRECTOR**

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up share capital	Revenue reserve	Total
		Unappropriated profit	
	————	Rupees	————
Balance as at July 01, 2022	74,529,000	93,288,208	167,817,208
Total comprehensive income for the year:			
Profit after income tax	-	125,602,937	125,602,937
Other comprehensive income for the year	-	-	-
	-	125,602,937	125,602,937
Transactions with owners			
Final dividend for the year ended June 30, 2022 at the rate of Rs 6 per share	-	(44,717,400)	(44,717,400)
Interim dividend for the year ended June 30, 2023 at the rate of Rs 6 per share	-	(44,717,400)	(44,717,400)
	-	(89,434,800)	(89,434,800)
Balance as at June 30, 2023	74,529,000	129,456,345	203,985,345
Total comprehensive income for the year:			
Profit after income tax	-	115,122,767	115,122,767
Other comprehensive income for the year	-	-	-
	-	115,122,767	115,122,767
Transactions with owners			
Interim dividend for the year ended June 30, 2023 at the rate of Rs 9 per share	-	(67,076,100)	(67,076,100)
Final dividend for the year ended June 30, 2023 at the rate of Rs 3.45 per share	-	(25,712,505)	(25,712,505)
Interim dividend for the year ended June 30, 2024 at the rate of Rs 7 per share	-	(52,170,300)	(52,170,300)
	-	(144,958,905)	(144,958,905)
Balance as at June 30, 2024	74,529,000	99,620,207	174,149,207

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

BDO

CHIEF EXECUTIVE OFFICER **DIRECTOR**

THE PAKISTAN CREDIT RATING AGENCY LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and final tax		164,783,340	171,012,395
Adjustment for non cash and other items:			
Depreciation on operating fixed assets	8	7,656,139	6,103,678
Depreciation on right of use assets	10	4,352,758	5,303,540
Amortization on intangible assets	9	1,934,360	824,695
Workers' Welfare Fund	31	3,362,925	-
Allowance for expected credit losses on trade debts	14	572,793	2,469,452
Amortization of Government grant	32	-	(102,793)
Finance cost	33	6,029,186	3,765,492
Markup on savings accounts	32	(4,373,491)	(2,009,624)
Markup on loan given to associate	32	(4,118,416)	(6,270,061)
Profit on short term investments	32	(6,840,068)	(8,818,490)
Miscellaneous income	32	(142,757)	(128,587)
(Gain)/loss on disposal of operating fixed assets	32	(7,025)	283,342
		8,426,405	1,420,644
Operating profit before working capital changes		173,209,745	172,433,039
Working capital changes:			
Increase in current assets:			
Trade debts - Unsecured	14	(15,634,043)	(6,094,494)
Advances, prepayments and other receivables	17	10,787,789	(6,608,029)
		(4,846,254)	(12,702,523)
(Decrease) / increase in current liabilities:			
Trade and other payables	26	(2,758,014)	15,725,156
Contract liabilities	24	(27,305,645)	10,531,394
		(30,063,659)	26,256,550
Cash generated from operations		138,299,832	185,987,066
Finance cost paid		(2,337,025)	(541,370)
Tax paid		(55,063,814)	(42,863,816)
Net cash flows generated from operating activities		80,898,993	142,581,880
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	8	(1,998,223)	(16,623,959)
Proceeds from disposal of operating fixed assets	7	60,000	148,496
Purchase of intangible assets	9	(1,881,000)	(4,491,006)
Short term investment - Net		5,169,288	16,654,840
Investment in TISL	11	(5,733,000)	-
Interest received	32	19,760,228	16,206,552
Net cash generated from investing activities		15,377,293	11,894,923
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	21	(8,038,884)	(7,478,037)
Repayment of long term loan		-	(10,065,933)
Dividend paid		(144,958,905)	(89,434,800)
Repayment of loan from associated company	16	30,000,000	-
Net cash used in financing activities		(122,997,789)	(106,978,770)
Net (decrease) / increase in cash and cash equivalents		(26,721,503)	47,498,033
Cash and cash equivalents at the beginning of the year		81,611,600	34,113,567
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		54,890,097	81,611,600

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

BDO

CHIEF EXECUTIVE OFFICER **DIRECTOR**

THE PAKISTAN CREDIT RATING AGENCY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Pakistan Credit Rating Agency Limited ("the Company") was incorporated as a private limited company in Pakistan on August 18, 1994 and converted into a public limited company on April 30, 2004. The business of the Company is to carry out risk evaluation of companies and specific instruments. The evaluation is expressed in terms of assigned credit rating to the entity or the instrument reflecting the capacity to honor its debt or other fixed term obligations.

1.2 The Pakistan Credit Rating Agency Limited is part of PACRA Group which consist of:

Subsidiary Company	**% age of direct shareholding**	**% age of effective shareholding**
PACRA Analytics (Private) Limited	100%	100%
Associated Company		
Tasdeeq Information Services Limited	15.57%	15.57%

1.2.1 During the year, Tasdeeq Information Services Limited (TISL) issued right shares, but PACRA opted out of the issue. Due to this, PACRA's shareholding in TISL was diluted, but it continues to be PACRA's associated company on account of significant influence exercised by the common directors.

The registered office of the PACRA Analytics (Private) Limited is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore. The objectives of the Company are to carry on business as management and financial consultants, risk managers, project manager, trust consultants, planners, advisors, surveyors, assessors, supervisors and / or technical advisors of or for any person, Company, Trust, Banks and Financial Institutions.

The registered office of Tasdeeq Information Services Limited is situated at Building 8, Sector B, Commercial Area, Phase V, DHA, Lahore. The main objectives of the Company are to carry out the business of a Credit Information Company for collecting credit information as permissible by law relating to debtors.

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary and investment in associate are accounted for on cost basis rather than on the basis of reported results. Consolidated financial statements are prepared separately.

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1.3 On March 26, 2021, the Company entered into an agreement titled 'Agreement for Acquiring Shareholding' with Lanka Rating Agency Limited (LRA) - Sri Lanka, wherein, LRA agreed to issue 26,818,772 shares (being 15% of its planned issued shares) to the Company, without any consideration, within 30 days of issuance of registration certificate to LRA, by local regulator. LRA has, however, issued these shares in two trenches, in FY 2021 and FY 2023, respectively. The Company has the option of selling these shares back to LRA (for Sri Lankan Rupees 2/share) after 5 years. At the same time, the Company and LRA also entered into an 'Agreement for Technical Affiliation' for provision of services by the Company; for a period of five (5) years, as discussed below, against annual cash consideration. LRA has offered these shares on the requirements of its local regulator.

At the inception of the above-mentioned agreements, in accordance with the requirements of relevant accounting standards, the Company determined that considering the financial condition of LRA, along with local economic environment, restrictions attached to shares to be held by the Company and non-performance risk resulting from restrictions on foreign remittances, the fair value of these shares (including the embedded derivative) rounded to zero. Accordingly, the Company had determined that transaction price for provision of technical services effectively only consisted of cash considerations. The Company continue to reassess the fair value of these shares (including the embedded derivative) at each reporting date. Owing to the current financial and economic conditions in Sri Lanka coupled with the recent sovereign default, the Company has determined, as of reporting date, that fair value of these shares (including the embedded derivative) continue to round to zero as a result of multiple uncertainties and uninsurable risks which a market participant will take into account while estimating non-performance risk relating to the LRA.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNIT

The registered office of the Company is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees, which is the functional and presentation currency for the Company.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the unconsolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice, Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

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The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 7 Material accounting policy information (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

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IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5 CHANGE IN ACCOUNTING POLICY

During the year, the Company changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Ordinance, not based on the taxable profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been implemented, and last year's figures have been reclassified. However, the change has not been applied retrospectively because its impact on the prior year financial statements is immaterial.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

	Notes
Allowance for expected credit losses	7.8
Useful lives, residual values and depreciation method of operating fixed assets	7.1
Useful lives, residual values and amortization method of intangible assets	7.2
Deferred taxation	7.15.2
Contingencies	27.2
Impairment of non-financial assets	7.3

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7 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

7.1 Operating fixed assets

7.1.1 Owned assets

Items of operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of operating fixed assets.

The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Normal repairs and maintenance are charged to unconsolidated statement of profit or loss, as and when incurred.

7.1.2 Depreciation

Depreciation charged on all operating fixed assets except freehold land, is based on the straight line method so as to write off the historical cost of an asset over its estimated useful life at rates mentioned in Note 8 after taking into account their residual values. Depreciation on additions is charged from the month in which these are capitalized, while no depreciation is charged in the month in which an asset is disposed off.

7.1.3 Disposal

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of operating fixed assets are determined by comparing the proceeds from sale with the carrying amount of operating fixed assets, and are recognized in the unconsolidated statement of profit or loss.

7.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization for intangible assets and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method at rates mentioned in Note 9 to these unconsolidated financial statements. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. Gains and losses on disposal of assets are recognized in the unconsolidated statement of profit or loss.

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7.3 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized as expense. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

7.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

7.5 Long term investments

7.5.1 Investment in subsidiary

Investment in subsidiary companies are measured at cost as per the requirements of IAS-27 'Separate Financial Statements'. However, at subsequent reporting dates, the Company reviews the carrying amounts of the investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If such indication exists the carrying amounts of the investments are adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss.

7.5.2 Investments in equity instruments of associates

Associates are entities over which the Company has significant influence but not control. Investments in equity instruments of associate is measured at cost less impairment, if any, in the Company's unconsolidated financial statements.

7.6 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

7.7 Financial instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

7.8 Financial assets

Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss

b) Financial assets at amortized cost (debt instruments)

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

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a) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognized in the unconsolidated statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the unconsolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company does not have financial assets recorded at fair value through profit or loss.

b) **Financial assets at amortized cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

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• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

c) **Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

d) **Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the unconsolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

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Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

• The rights to receive cash flows from the asset have expired; or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss. The impact of ECL on trade debts is disclosed in Note 14.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the unconsolidated statement of profit or loss however, the impact of ECL on bank balances is immaterial.

7.9 Financial liabilities

Financial liabilities - Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the unconsolidated statement of comprehensive income.

This category applies to short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

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When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the unconsolidated statement of profit or loss.

7.10 Offsetting of financial assets and financial liabilities

A financial asset and financial liability are offset and the net amount is reported in the unconsolidated statement of financial position if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

7.11 Employee benefits

Defined contribution plan

The Company operated a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 5% (2023: 5%) of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

7.12 Contingent liabilities

A contingent liability is disclosed when:

i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.13 Revenue from contracts with customers

7.13.1 Revenue recognition

Revenue is recognized when services are rendered to the customer, in an amount that reflects the consideration the Company expects to be entitled to those services excluding sales tax and after deduction of discounts. Specific revenue and other income recognition policies are as follows:

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7.13.1.1 **Fee income**

a) Rating

Revenue from rating services is recognized at point in time when services are rendered to the customer.

b) Monitoring

Revenue attributed to monitoring is recognized over the period in which monitoring is performed, generally one year.

7.13.2 **Dividends**

Dividend income is recognized when the Company's right to receive payment is established.

7.13.3 **Interest income**

Interest income is recognised as it accrues under the effective interest method.

7.14 **Contract balances**

Contract asset

A contract asset is the right to consideration for rendering of services if the Company performs by providing services to customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to render services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

7.15 **Taxation**

7.15.1 **Current**

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

BDO

7.15.2 Deferred

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

7.15.3 Estimate

The Company establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

7.16 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss account. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

7.17 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

BDO

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are recognized in unconsolidated statement of profit or loss.

7.18 Provision

A provision is recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

7.19 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

7.20 Government grant

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When a grant related to non monetary asset is received, the asset and the grant are recorded at nominal amounts and released to statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

7.21 Related party transactions

Transactions with related parties occurring in the normal course of business adhere to terms of the respective agreements as approved by the board of directors.

BDO

7.22 **Profit on bank deposit**

Profit earned on saving and deposit accounts is accrued on time proportion basis by reference to the principal outstanding at the applicable rate of return.

7.23 **Mark-up bearing borrowings**

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

BDO

8 OPERATING FIXED ASSETS

Description	Furniture and fixtures	Office equipment and computers	Vehicles	Total
	(Rupees)			
Net carrying value basis				
Year ended June 30, 2024				
Opening net book value (NBV)	14,129,454	8,391,200	2,516,370	25,037,024
Additions (at cost)	-	1,998,223	-	1,998,223
Disposals (NBV)	-	(52,975)	-	(52,975)
Depreciation charge	(3,916,448)	(2,894,351)	(845,340)	(7,656,139)
Closing net book value	10,213,006	7,442,097	1,671,030	19,326,133
Gross carrying value basis				
Year ended June 30, 2024				
Cost	22,087,164	19,034,707	4,250,200	45,372,071
Accumulated depreciation	(11,874,158)	(11,592,610)	(2,579,170)	(26,045,938)
Net book value	10,213,006	7,442,097	1,671,030	19,326,133
Net carrying value basis				
Year ended June 30, 2023				
Opening net book value (NBV)	7,559,994	4,366,573	3,058,530	14,985,097
Additions (at cost)	9,550,130	7,073,829	-	16,623,959
Deletions - NBV	(69,974)	(396,232)	(2,148)	(468,354)
Depreciation charge	(2,910,696)	(2,652,970)	(540,012)	(6,103,678)
Closing net book value	14,129,454	8,391,200	2,516,370	25,037,024
Gross carrying value basis				
Year ended June 30, 2023				
Cost	22,087,164	17,115,984	4,250,200	43,453,348
Accumulated depreciation	(7,957,710)	(8,724,784)	(1,733,830)	(18,416,324)
Net book value	14,129,454	8,391,200	2,516,370	25,037,024
Depreciation rate % per annum	10-33.33	10-33.33	20	

8.1 Operating fixed assets include fully depreciated assets amounting to Rs. 9.31 million (2023: Rs. 8.33 million) that are still in use as of the reporting date.

BDO

		Note	2024 Rupees	2023 Rupees
9	**INTANGIBLE ASSETS**			
	Rating software - License	9.1	3,065,492	3,742,355
	Software	9.2	680,591	57,088
			3,746,083	3,799,443

9.1 Rating software - License

	2024 Rupees	2023 Rupees
Net carrying value		
Opening balance	3,742,355	-
Addition during the year	1,181,000	4,491,006
Amortization charge	(1,857,863)	(748,651)
Net book value	3,065,492	3,742,355
Gross carrying value		
Cost	5,672,006	4,491,006
Accumulated amortization	(2,606,514)	(748,651)
Net book value	3,065,492	3,742,355
Amortization rate (%) per annum	**33.33**	**33.33**

9.2 Software

	2024 Rupees	2023 Rupees
Net carrying value		
Opening balance	57,088	133,132
Addition during the year	700,000	-
Amortization charge	(76,497)	(76,044)
Net book value	680,591	57,088
Gross carrying value		
Cost	1,731,074	1,031,074
Accumulated amortization	(1,050,483)	(973,986)
Net book value	680,591	57,088
Amortization rate (%) per annum	**33.33**	**33.33**

9.2.1 The amortization charge for the year has been allocated as follows:

	Note	2024 Rupees	2023 Rupees
Infrastructure cost	30	1,934,360	824,695

9.3 Intangible assets include fully amortized assets amounting to Rs. 0.859 million (2023: Rs. 0.343 million) that are still in use as of the reporting date.

BDO

	Note	2024 Rupees	2023 Rupees

10 RIGHT OF USE ASSETS

The following is the statement of right of use assets:

10.1 Building

	Note	2024 Rupees	2023 Rupees
Net carrying value basis			
Opening net book value (NBV)		10,607,079	11,913,580
Additions (cost) / reassessment of lease		-	3,997,039
Depreciation charge	30	(4,352,758)	(5,303,540)
Closing net book value (NBV)		6,254,321	10,607,079
Gross carrying value basis			
Cost		27,824,199	27,824,199
Accumulated depreciation		(21,569,878)	(17,217,120)
Closing net book value (NBV)		6,254,321	10,607,079
Depreciation rate (%) per annum		**33.33**	**33.33**

10.1.1 This represents the lease contract for the 1st and 2nd floors of the Head office of the Company with a lease term of 3 years. The lease will expire in June 30, 2025.

11 LONG TERM INVESTMENTS

	2024 Rupees	2023 Rupees
In equity instruments - at cost	105,833,000	100,100,000

11.1 In equity instruments - at cost

11.1.1 Subsidiary Company - Unlisted

No. of shares - ordinary 2024	No. of shares - ordinary 2023	Name of the Company	Percent age	2024 Rupees	2023 Rupees
10,000	10,000	PACRA Analytics (Private) Limited	100%	100,000	100,000

The face value of these shares is Rs. 10 each.

BDO

		Note	2024 Rupees	2023 Rupees

11.1.2 Associated Company - Unlisted (with significant influence)

2024	2023			2024 Rupees	2023 Rupees
10,273,000	10,000,000	Tasdeeq Information Services Limited	15.57%	105,733,000	100,000,000

11.1.3 Movement during the year is as follows:

	Note	2024 Rupees	2023 Rupees
Opening balance		100,000,000	100,000,000
New shares acquired during the year	11.1.5	5,733,000	-
Shares redeemed during the year		-	-
Closing balance		105,733,000	100,000,000

11.1.4 The Company holds only 15.57% (2023: 20%) shares in Tasdeeq Information Services Limited (TISL). However, the Company holds significant influence by virtue of the common directors on the board of directors of TISL, due to which it is being treated as an associated company. The reporting date of TISL is December 31, 2023. The value of these shares is Rs. 10.29/- (2023: Rs. 10/-) each.

11.1.5 This represents 273,000 shares of TISL purchased from Mr. Sajjad Rizvi in August 2023 with a value of Rs. 21/- each, as per the shareholders approval dated March 10, 2022.

	Note	2024 Rupees	2023 Rupees
12 LONG TERM DEPOSITS	12.1	1,335,300	1,335,300

12.1 This represents security deposits against leased premises, telecommunication and other services. These deposits do not carry any interest or mark-up and are not recoverable within one year. These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial by the management.

13 DEFERRED TAX ASSET-NET

	Note	2024 Rupees	2023 Rupees
Deferred tax asset - Net	13.1	5,984,077	6,414,381

13.1 Deferred tax arisen during the year on the following items

Deductible temporary differences

	2024 Rupees	2023 Rupees
- Accelerated tax depreciation on operating fixed assets/amortization allowances	1,856,146	1,671,889
- Provision for expected credit losses	2,583,344	2,722,975
- Lease liability-Net	569,339	1,007,403
- Workers' Welfare Fund	975,248	1,012,114
	5,984,077	6,414,381

BDO

		Note	2024 Rupees	2023 Rupees
13.2	The gross movement in the deferred tax asset during the year is as follow:			
	Opening deferred tax		6,414,381	3,213,180
	Charged to profit and loss	34	(430,304)	3,201,201
	Closing deferred tax		5,984,077	6,414,381

14 TRADE DEBTS - UNSECURED

	Note	2024 Rupees	2023 Rupees
Unsecured - Considered good			
Receivable from customers	14.1	107,062,555	92,482,789
Less: Allowance for expected credit losses (ECL)	14.4	(8,908,084)	(9,389,568)
		98,154,471	83,093,221

14.1 This includes balance receivable from the following related party:

Lanka Rating Agency Limited	32,734,251	33,603,884

14.2 The maximum aggregate amount outstanding from related parties at any time during the year was:

Lanka Rating Agency Limited	32,734,251	33,603,884

14.3 Age analysis of receivable from related party, past due but not impaired is as follows:

0 to 6 months	10,435,609	22,298,642
6 to 12 months	-	-
Above 12 months	22,298,642	11,305,242
	32,734,251	33,603,884

14.4 Movement of expected credit losses is as follows:

Opening balance	9,389,568	6,920,116
Expected credit loss expense for the year	572,793	2,469,452
Trade debts written off	(1,054,277)	-
Closing balance	8,908,084	9,389,568

15 RECEIVABLE FROM RELATED PARTIES

	Note	2024 Rupees	2023 Rupees
Tasdeeq Information Services Limited (TISL) - Advance for purchase of shares	15.1	-	12,733,007
Tasdeeq Information Services Limited (TISL) - Reimbursement / accrued markup		261,383	850,438
TenX (Private) Limited - Reimbursement		390,293	1,066,531
		651,676	14,649,976

BDO

15.1 This represents advance for purchase of shares amounting to Rs. Nil (2023: Rs. 12.733 million) from TISL.

15.2 The maximum aggregate amount outstanding from related parties at any time during the year was:

	Note	2024 Rupees	2023 Rupees
TISL		261,383	13,583,445
TenX (Private) Limited		771,053	1,066,531

15.3 Age analysis of receivable from related parties, past due but not impaired is as follows:

0 to 6 months		261,383	1,916,969
6 to 12 months		390,293	-
Above 12 months		-	12,733,007
		651,676	14,649,976

16 LOAN TO AN ASSOCIATE - UNSECURED

Tasdeeq Information Services Limited		30,000,000	30,000,000
Add : Accrued mark-up		-	1,875,846
		30,000,000	31,875,846
Less: Accrued mark-up		-	(1,875,846)
Principal Repayment	16.1	(30,000,000)	-
		-	30,000,000

16.1 Movement of loan is as follows:

Opening balance		30,000,000	30,000,000
Payments during the year		(30,000,000)	-
Closing balance		-	30,000,000

16.2 This represents loan given to TISL for the purpose of bridging TISL's cash shortfall till injection of new equity. The loan was given on January 18, 2022. The tenure of the loan was one year from the date of disbursement. The loan was further renewed for the period of one year effective January 18, 2023. As per the agreement the markup rate was three month KIBOR plus 300 bps or at the rate paid by TISL to its other sponsor shareholder, whichever is higher. During the year, the principal amount along with the accrued markup was repaid in full on January 12, 2024.

16.3 The maximum aggregate amount outstanding from associate at any time during the year was:

Tasdeeq Information Services Limited		30,000,000	31,875,846

BDO

	Note	2024 Rupees	2023 Rupees

17 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances - Unsecured, considered good

	Note	2024 Rupees	2023 Rupees
To employees	17.1	1,546,792	486,500
To suppliers		392,830	805,000
Prepayments		3,237,174	2,550,631
		5,176,796	3,842,131

17.1 This represents advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and are deductible from their salaries. These advances have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial by the management.

18 SHORT TERM INVESTMENT

	Note	2024 Rupees	2023 Rupees
Investment in Government securities	18.1	39,048,345	44,202,019

18.1 This relates to invesmtent in treasury bills by the Company. They carry yield ranging from 20.01% to 23.29% (2023:15.57% to 21.99%) per annum. These Treasury bills have maturity period of 3 months. These Government securities have an aggregate face value of Rs. 40 million (2023: Rs. 45.5 million).

19 CASH AND BANK BALANCES

	Note	2024 Rupees	2023 Rupees
Cash in hand		14,071	-
Cash at banks			
- Current accounts		14,704,844	32,344,568
- Saving account	19.1	40,171,182	49,267,032
		54,890,097	81,611,600

19.1 This carries mark up of 20.50% (2023: 12.25% to 19.5%) per annum.

20 SHARE CAPITAL

20.1 Authorized share capital

	2024 Rupees	2023 Rupees
12,500,000 (June 30, 2023: 12,500,000) ordinary shares of Rs. 10/- each	125,000,000	125,000,000

BDO

	2024	2023		2024	2023
				Rupees	Rupees

20.2 Issued, subscribed and paid up share capital

2024	2023		2024	2023
Number of ordinary shares of Rs. 10/- each			Rupees	Rupees
1,500,000	1,500,000	Fully paid in cash	15,000,000	15,000,000
5,952,900	5,952,900	Fully paid bonus shares	59,529,000	59,529,000
7,452,900	7,452,900		74,529,000	74,529,000

20.2.1 All ordinary shares rank equally with regard to the residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

20.3 There has been no movement in ordinary share capital during the year ended June 30, 2024.

BDO

	2024 Rupees	2023 Rupees

21 LEASE LIABILITIES

Lease period for the lease during current year consists of 3 years (2023: 3 years) The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) is 22.96% (2023: 22.96%).The amounts of future payments and the periods in which they will become due are:

21.1 As at June 30

	2024	2023
2024	-	8,038,884
2025	8,641,797	8,641,797
	8,641,797	16,680,681
Less: future finance charges	(424,239)	(2,599,798)
Present value of lease payments	8,217,558	14,080,883
Less: Current maturity shown under current liabilities	(8,217,558)	(5,924,140)
	-	8,156,743

21.2 Lease payments (LP) and their present value (PV) are as follows:

	2024		2023	
	LP	PV of LP	LP	PV of LP
	Rupees			
Due not later than 1 year	8,641,797	5,435,194	8,038,884	6,426,869
Due later than 1 year but not later than 5 years	-	-	8,641,797	5,435,194
Later than 5 years	-	-	-	-
	8,641,797	5,435,194	16,680,681	11,862,063

21.3 Movement of lease liabilities

	2024	2023
Opening balance	14,080,883	14,280,439
Add: Reassessment of lease	-	3,997,039
Add: Interest expense for the year	2,175,559	3,281,442
Less: Payments made during the year	(8,038,884)	(7,478,037)
Closing balance	8,217,558	14,080,883
Less: Current portion of lease	(8,217,558)	(5,924,140)
	-	8,156,743

BDO

	Note	2024 Rupees	2023 Rupees

22 SHORT TERM BORROWINGS - SECURED

This represents running finance facility obtained from Bank AL Habib Limited against limit of Rs. 30 million (2023: Rs. 30 million) for working capital requirements. At year end, the utilized balance of the facility is Rs. Nil (2023: Rs. Nil). This facility carries markup at the rate of 3 month KIBOR plus 150 basis points per annum (2023: 3 month Kibor plus 150 basis points per annum), payable quarterly. This is secured by way of first hypothecation charge of Rs. 85 million and Rs. 10 million on present and future current assets and furniture and fixtures of the Company respectively.

23 ACCRUED MARKUP

	Note	2024 Rupees	2023 Rupees
Markup on short term borrowings	22	417	30,034
Markup on inter company balances	23.1	3,721,778	-
		3,722,195	30,034

23.1 This relates to markup charged on balances outstanding to PACRA Analytics (Private) Limited at the rate of 3 month KIBOR plus 150 basis points per annum (2023: Nil).

24 CONTRACT LIABILITIES

	Note	2024 Rupees	2023 Rupees
Advance from customers	24.1	8,267,844	31,214,554
Deferred revenue	24.2	71,013,626	75,372,561
		79,281,470	106,587,115

24.1 This represents advance received from customers for future rating of entities.

24.2 This represents deferred revenue relating to services recognized over time.

24.3 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 75.37 million (2023: Rs. 60.75 million).

24.4 The contract liabilities are expected to be satisfied during the year ending June 30, 2025.

25 TAXATION - NET

	Note	2024 Rupees	2023 Rupees
Provision for taxation	25.1	49,479,973	48,610,658
Less: Income tax		(46,187,615)	(39,749,978)
Less: Prepaid assets		(113,052)	(97,534)
		3,179,306	8,763,146

BDO

	Note	2024 Rupees	2023 Rupees

25.1 Movement of provision for taxation is as follows:

	Note	2024 Rupees	2023 Rupees
Opening balance		48,610,658	36,865,910
Provision for the year		49,479,974	48,610,658
Less: Adjustments / payments during the year		(48,360,954)	(36,865,910)
Less: Prior year adjustment	34	(249,704)	-
		49,479,973	48,610,658

26 TRADE AND OTHER PAYABLES

	Note	2024 Rupees	2023 Rupees
Remuneration and related cost payable		37,339,565	43,280,505
Infrastructure and related cost payable		686,013	490,568
Administrative and related cost payable		2,767,815	2,746,967
Provident Fund payable		1,694,142	496,476
Workers' Welfare Fund	26.1	6,852,974	3,490,049
Withholding tax		2,017,561	42,633
Due to related parties	26.2	13,278,623	14,819,020
Sales tax payable		7,213,870	5,879,432
		71,850,563	71,245,651

26.1 Workers' Welfare Fund

	Note	2024 Rupees	2023 Rupees
Opening balance		3,490,049	-
Provision for the year	26.1.1	3,362,925	3,490,049
Payment during the year		-	-
Interest charged during the year		-	-
Closing balance		6,852,974	3,490,049

26.1.1 The Company is required to pay 2% of its profit to the Punjab Workers' Welfare Fund.

26.2 This represents balance payable to following related party against purchase of services and shared expenses:

	2024 Rupees	2023 Rupees
PACRA Analytics (Private) Limited	13,278,623	14,819,020

26.2.1 This represents advance received from PACRA Analytics (Private) Limited which is to be adjusted against expense incurred on behalf of the Company. This amount carries markup charged at 3 month KIBOR plus 150 basis points per annum (2023: Nil).

26.3 The maximum aggregate amount outstanding towards related parties at any time during the year was:

	2024 Rupees	2023 Rupees
PACRA Analytics (Private) Limited	13,278,623	14,819,020

BDO

	Note	2024 Rupees	2023 Rupees
26.4 Age analysis of payable to related parties, past due but not impaired is as follows:			
0 to 6 months		114,647	-
6 to 12 months		13,163,976	2,814,610
Above 12 months		-	12,004,410
		13,278,623	14,819,020

27 CONTINGENCIES AND COMMITMENTS

27.1 Commitments

JS Bank Limited has issued performance guarantee on behalf of the Company in favour of Finance Department of Government of Punjab amounting to Rs. 0.05 million (2023: Rs. 0.05 million).

27.2 Contingencies

27.2.1 A number of notices were issued to the Company from tax authorities under section 161(1)(1A) for the tax years 2014 and 2016-2021. These were issued on account of non-deduction of withholding tax on expenses and purchases. The aggregate tax liability for 2016 amounts to Rs. 0.59 million and no further tax liability has been computed in regard to any other tax year. The management's response is pending adjudication and a favorable outcome is expected in this regard.

27.2.2 The Deputy Commissioner Inland Revenue (the "DCIR") issued order dated May 31, 2021 under section 122(1) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2015 whereby tax amounting to Rs. 10.1 million on account of disallowance of expenses was levied. The Company preferred an appeal on June 18, 2021 before Commissioner Inland Revenue (Appeals) [the "CIR(A)"], who remanded back the case for reassessment on September 09, 2022, which is pending adjudication. The management expects a favourable outcome in this regard.

27.2.3 The DCIR issued a notice under section 4-C for the tax year 2022 for recovery of super tax on July 11, 2023. Reply has been submitted and the case is pending with tax officials. The management expects a favourable outcome in this regard.

27.2.4 The Assistant Commissioner Sindh Revenue Board (the "ACSR") issued notice dated October 21, 2021 under section 3 and 8 of the Sindh Sales Tax on Services Act 2011 (the " Act") for the tax period 2017, 2018, 2019 and 2020 for revenue difference in SRB sales tax returns and audited accounts for abovementioned periods and sales tax amounting Rs. 38.02 million was levied. In compliance to this notice, the assessing officer passed judgement on dated July 02, 2022 and tax assessed by Rs. 831,949 and imposed penalty by Rs. 41,594. Against such order an appeal was filed before the worthily Commissioner Appeals, SRB. On May 07, 2024, the respondent submitted a written reply. In response to this, a detailed response was submitted on July 30, 2024. Despite this, the respondent was absent on the hearing. The Honourable Commissioner Appeals supplied the response with the respondent and requested to submit his reply before the final hearing of the case. The management expects a favourable outcome in this regard.

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27.2.5 The Additional Commissioner Inland Revenue (the "ACIR") issued notice dated June 04, 2024 under section 122(9) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2023 whereby tax amounting to Rs. 2.4 million on account of disallowance of adjustable tax on profit on debt was levied. In compliance to this notice, a reply by the Company has duly been submitted dated June 14, 2024 which is still under process. The management expects a favourable outcome in this regard.

27.2.6 The Additional Commissioner Inland Revenue (the "ACIR") issued notice dated December 15, 2023 under section 122(9) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2022 for withholding tax deducted on dividend paid. In compliance to this notice, a reply by the Company has duly been submitted dated December 26, 2023 which is still under process. The management expects a favourable outcome in this regard.

	Note	2024 Rupees	2023 Rupees
28 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Income from rating business			
- Domestic		484,336,278	408,585,756
- Foreign		1,827,000	1,710,685
		486,163,278	410,296,441
Income from non rating business			
- Domestic		10,000	-
- Foreign	28.1	10,435,609	43,458,533
		10,445,609	43,458,533
Less: Provincial sales tax		(57,379,630)	(51,137,821)
Revenue from contracts with customers - Net		439,229,257	402,617,153

28.1 Under the Agreement for Technical Affiliation, in addition to services provided for initial setup of LRA's rating business, the Company is performing agreed upon but unspecified quantity of services relating to training, rating audit and review. In accordance with IFRS 15 'Revenue from contract with customers' the Company has determined that these ongoing activities consist of distinct but substantively same services and thus can be classified as a single performance obligation.

28.2 Disaggregation of fees income

In the following table fees income from contracts with customers is disaggregated primarily by types of rating, timing of revenue recognition and geographical market.

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	Note	2024 Rupees	2023 Rupees
Type of rating services			
Entity rating		303,345,212	254,509,563
Instrument rating		90,684,422	78,678,439
Fund rating		34,754,014	25,970,618
		428,783,648	359,158,620
Type of Non rating services			
Consultancy services		10,445,609	43,458,533
		439,229,257	402,617,153
Timing of revenue recognition			
Revenue recognized at a point in time		294,283,602	322,093,722
Revenue recognized over time		144,945,655	80,523,431
		439,229,257	402,617,153
Geographical market			
Pakistan		426,966,648	357,447,935
United Kingdom		1,827,000	1,710,685
Sri Lanka		10,435,609	43,458,533
		439,229,257	402,617,153

29 REMUNERATION COST

	Note	2024 Rupees	2023 Rupees
Salaries and other benefits	29.1	207,316,519	179,207,763
Retired employees benefits		1,820,599	1,976,507
External rating committee member fee		9,370,112	7,491,664
Advisory / consultancy fee		100,000	1,190,000
		218,607,230	189,865,934

29.1 Salaries and other benefits include Rs. 7.15 million (2023: Rs. 5.65 million) in respect of contribution to provident fund.

30 INFRASTRUCTURE COST

	Note	2024 Rupees	2023 Rupees
Rent, rates and taxes		2,734,456	3,184,806
Utilities		6,108,269	4,925,582
Technology and related expenses		6,894,864	3,759,694
Repairs and maintainance		1,823,305	1,974,762
Depreciation on operating fixed assets		7,656,139	6,103,678
Amortization on intangible assets	9.2.1	1,934,360	824,695
Depreciation on right of use asset	10.1	4,352,758	5,303,540
Loss on disposal of operating fixed assets		-	283,342
Others		1,356,351	2,097,219
		32,860,503	28,457,318

BDO

		Note	2024 Rupees	2023 Rupees
31	**ADMINISTRATIVE COST**			
	Directors meeting expenses	31.1	5,550,000	5,125,000
	Legal and professional charges		6,394,778	1,769,885
	Entertainment and related expenses		6,117,896	6,694,438
	Travelling, food and accommodation		4,315,793	2,630,754
	Auditor's remuneration	31.2	1,200,000	1,200,000
	Tax advisory, consultancy and fees		2,757,979	963,489
	Workers' Welfare Fund	26.1	3,362,925	3,490,049
	Communication and related expenses		1,284,886	1,375,856
	Promotional expense		-	119,428
	Mess expense		766,138	-
	Others		2,437,036	1,604,548
			34,187,431	24,973,447

31.1 This represents the meeting fee paid to Directors of the Company for attending the meetings held during the year.

31.2 Auditor's remuneration

	2024 Rupees	2023 Rupees
Statutory audit fee	1,150,000	1,150,000
Out of pocket expense	50,000	50,000
	1,200,000	1,200,000

		Note	2024 Rupees	2023 Rupees
32	**OTHER INCOME**			
	Markup on savings accounts		4,373,491	2,009,624
	Unwinding of Government grant		-	102,793
	Gain on disposal of operating fixed assets		7,025	-
	Markup on loan given to associate		4,118,416	6,270,061
	Profit on short term investments	18	6,840,068	8,818,490
	Reimbursement from clients		2,329,469	597,330
	Miscellaneous income		142,757	128,587
			17,811,226	17,926,885
33	**FINANCE COST**			
	Markup on short term borrowings		30,412	444,877
	Finance cost on lease liabilities		2,175,559	3,277,239
	Markup on inter company balances	23	3,721,778	-
	Bank charges		101,438	43,376
			6,029,186	3,765,492

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	Note	2024 Rupees	2023 Rupees

34 TAXATION

	Note	2024 Rupees	2023 Rupees
Final tax		122,626	434,585
Current tax			
Current period		49,357,348	48,176,074
Prior period	25	(249,704)	-
		49,230,269	48,610,659
Deferred tax - relating to origination of temporary differences	13	430,304	(3,201,201)
		49,660,573	45,409,458
Current tax liability for the year as per the Ordinance		49,230,269	48,610,659
Portion of current tax liability as per tax laws, representing income tax under IAS 12		(49,230,269)	(48,610,659)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		-	-
		-	-

34.1 The aggregate of current income tax amounting to Rs. 49.357 million (2023: Rs. 48.176 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

34.2 Historically, the Company has paid taxes under the normal tax regime, and it anticipates achieving an expected profit by the year end, remaining with a normal tax regime. Consequently, the Company has not altered its accounting policy.

34.3 Reconciliation between tax expenses and accounting profit

	2024 Rupees	2023 Rupees
Accounting profit before taxation	164,783,340	171,012,395
Tax at applicable rate of 29% (2023: 29%)	47,787,169	49,593,595
Tax effect of deductions	43,473	(982,936)
Tax effect of super tax	1,649,332	-
Deferred taxation impact	430,304	(3,201,201)
Prior taxation impact	(249,704)	-
	49,660,573	45,409,458

BDO

	Note	2024 Rupees	2023 Rupees
35 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after tax		115,122,767	125,602,937
		Numbers	**Numbers**
Weighted average number of ordinary shares outstanding during the year		7,452,900	7,452,900
		Rupees	**Rupees**
Earnings per share - basic and diluted		15.45	16.85

35.1 Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares.

35.2 There is no dilutive effect on the basic earnings per share of the Company.

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36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities. The major portion of these financial liabilities include short-term borrowing that is availed to meet the working capital requirements. The Company's financial assets include long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the risk profile and is supported by the finance department that advises on financial risks and the appropriate financial risk governance framework for the Company. This department also provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

36.1 Market risk

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debts and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analysis has been based on the assumption that the sensitivity of the relevant profit or loss item is the effect of the assumed changes in respect of market risks. This is based on the financial assets and financial liabilities held at June 30, 2024 and June 30, 2023.

36.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company, are periodically restated to Pak Rupee equivalent and the associated gain or loss is taken to the statement of profit or loss.

The Company is exposed to currency risk on trade debts that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD).

Particulars	**2024**	**2023**
Assets		
Trade debts - Unsecured - USD	115,000	117,500

BDO

36.1.2 Exchange rate applied during the year

The following significant exchange rates have been applied during the year:

	Average rate for the year		Reporting date rate	
	2024	2023	2024	2023
USD to PKR	282.95	246.55	278.80	287.10

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before income tax.

Changes in rates	2024 Rupees	2023 Rupees
	Effect on profit before income tax	
+1%	320,620	337,343
-1%	(320,620)	(337,343)

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

36.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

36.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade debts.

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The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for expected credit loss, if any, and through the prudent use of collateral policy. Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits and quality are established for all customers based on individual customer evaluation.

The Company is exposed to credit risk on long term deposits, trade debts, receivable from related parties, loan to an associate, short term investment and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	2024 Rupees	2023 Rupees
Long term deposits		1,335,300	1,335,300
Trade debts - Unsecured	14	98,154,471	83,093,221
Receivable from related parties	15	651,676	14,649,976
Loan to an associate - Unsecured	16	-	30,000,000
Short term investment	18	39,048,345	44,202,019
Bank balances	19	54,876,026	81,611,600
		194,065,818	254,892,116

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

36.2.1 Trade Debts

	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate rate
June 30, 2024			
Not due	79,406,688	-	0.00%
Past due:			
1-90 days	13,607,451	602,810	4.43%
91-180 days	6,403,754	1,013,074	15.82%
181-270 days	623,274	274,926	44.11%
271-365 days	1,246,610	1,242,496	99.67%
Above 365 days	5,774,778	5,774,778	100%
	27,655,867	8,908,084	
	107,062,555	8,908,084	

BDO

	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate rate
June 30, 2023			
Not due	230,534	-	0.00%
Past due:			
1-90 days	73,688,033	-	0.00%
91-180 days	11,680,287	-	0.00%
181-270 days	4,414,483	-	0.00%
271-365 days	-	-	0.00%
Above 365 days	2,469,452	2,469,452	100%
	92,252,255	2,469,452	
	92,482,789	2,469,452	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The information about the credit risk exposure on the Company's trade debts using a provision matrix is given above.

36.2.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution	Ratings		
	Agency	Short Term	Long term
Bank balances			
Bank AL Habib Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA

BDO

36.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Carrying amount	Contractual cash flows	On demand	Within one year	More than one year but less than five years	After five years
	Rupees					
June 30, 2024						
Financial liabilities						
Lease liabilities	8,217,558	8,641,797	-	8,641,797	-	-
Accrued markup	3,722,195	3,722,195	-	3,722,195	-	-
Trade and other payables	54,072,016	54,072,016	-	54,072,016	-	-
	66,011,769	66,436,008	-	66,436,008	-	-
June 30, 2023						
Financial liabilities						
Lease liabilities	14,080,883	16,680,681	-	8,038,884	8,641,797	-
Accrued markup	30,034	30,034	-	30,034	-	-
Trade and other payables	61,337,061	61,337,061	-	61,337,061	-	-
	75,447,978	78,047,776	-	69,405,979	8,641,797	-

36.4 Changes in liabilities arising from financing activities

	As at July 01,	Cash flows	Additions	Others	As at June 30,
	Rupees				
2024					
Lease liabilities	14,080,883	(8,038,884)	-	2,175,559	8,217,558
Accrued markup	30,034	(60,027)	3,752,189	-	3,722,195
	14,110,917	(8,098,911)	3,752,189	2,175,559	11,939,753

BDO

	As at July 01,	Cash flows	Additions	Others	As at June 30,
	Rupees				
2023					
Lease liabilities	14,280,439	(7,478,037)	3,997,039	3,281,442	14,080,883
Accrued markup	866,414	(1,103,552)	267,172	-	30,034
	15,146,853	(8,581,589)	4,264,211	3,281,442	14,110,917

36.5 Financial instruments by categories

	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
	Rupees			
2024				
Financial assets				
Debt instruments at amortized				
Long term deposits	-	-	1,335,300	1,335,300
Trade debts - Unsecured	-	-	98,154,471	98,154,471
Receivable from related parties	-	-	651,676	651,676
Loan to an associate - Unsecured	-	-	-	-
Short term	-	-	39,048,345	39,048,345
Bank balances	-	-	54,876,026	54,876,026
	-	-	194,065,818	194,065,818

	Financial liabilities at amortized cost
Financial liabilities	
Lease liabilities	8,217,558
Accrued markup	3,722,195
Trade and other payables	54,072,016
	66,011,769

BDO

	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
	Rupees			
2023				
Financial assets				
Debt instruments at amortized				
Long term deposits	-	-	1,335,300	1,335,300
Trade debts - Unsecured	-	-	83,093,221	83,093,221
Receivable from related parties	-	-	14,649,976	14,649,976
Loan to an associate - Unsecured	-	-	30,000,000	30,000,000
Short term	-	-	44,202,019	44,202,019
Bank balances	-	-	81,611,600	81,611,600
	-	-	254,892,116	254,892,116

	Financial liabilities at amortized cost
Financial liabilities	
Lease liabilities	14,080,883
Accrued markup	30,034
Trade and other payables	61,337,061
	75,447,978

37 FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

The following table shows assets recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

BDO

38 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

	2024 Rupees	2023 Rupees
Lease liabilities	8,217,558	14,080,883
Cash and cash equivalent	(54,890,097)	(81,611,600)
Net debt	(46,672,539)	(67,530,717)
Total equity	174,149,207	203,985,345
Total capital	127,476,668	136,454,628
Capital gearing ratio	-37%	-49%

BDO

39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of Subsidiary company, Associated company, Company's Directors and key management personnel. Balances with related parties are disclosed in respective notes to the unconsolidated financial statements. Significant transactions with related parties other than those disclosed elsewhere in the unconsolidated financial statements are as follows:

Name of related party	Nature of transaction	2024 Rupees	2023 Rupees
Lanka Rating Agency Limited	Income from services provided by the Company	10,435,609	43,458,533
	Receipt from the related party	11,305,242	9,854,649
PACRA Analytics (Private) Limited - a wholly owned subsidiary company	Expenses paid on behalf of the subsidiary	5,084,398	3,935,507
	Expenses paid by subsidiary on behalf of the Company	3,544,000	-
	Markup on advances charged by the subsidiary company	3,721,778	-
Tasdeeq Information Services Limited - an associated company with significant influence (15.57% owned)	Investment in associate during the year	5,733,000	-
	Amount on account of loan repayment	30,000,000	-
	Amount on account of advance for purchase of shares repaid by associated company	12,733,007	-
	Expenses paid on behalf of the associated company	2,416,225	1,393,788
	Expenses paid by associated company on behalf of the Company	1,129,434	2,100,459
	Markup on loan charged to associated company	4,118,416	6,270,061
	Markup paid by associated company	5,994,262	4,394,215
TenX (Private) Limited - an associate due to common directorship	Expenses paid on behalf of the associated company	1,539,628	1,395,573
	Receipts from the associated company	2,215,866	-

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		2024 Rupees	2023 Rupees
Post employment benefits	Contributions to Provident Fund Trust	7,154,497	5,654,917
LSE Ventures Limited (36% equity held)	Dividend paid	52,185,045	32,196,504
Mumtaz Hussain Syed (27% equity held)	Dividend paid	39,138,846	24,147,360
Sardar Ali Watto (13.5% equity held)	Dividend paid	19,569,442	12,073,680
Usman Haider (13.5% equity held)	Dividend paid	19,569,423	12,073,680
Muhammad Adnan Afaq (10% equity held)	Dividend paid	14,495,891	8,198,190
Other Directors (0.0003% equity held)	Dividend paid	257	72

39.1 Outstanding balances as at June 30

Lanka Rating Agency Limited	Receivable from related party	32,734,251	33,603,884
PACRA Analytics (Private) Limited - a wholly owned subsidiary company	Net payable to related party - Unsecured	17,000,401	14,819,020
Tasdeeq Information Services Limited - an associated company with significant influence (15.57% owned)	Receivable from associated company - Unsecured	261,383	13,583,445
TenX (Private) Limited - an associate due to common directorship	Receivable from associated company - Unsecured	390,293	1,066,531
Post employment benefits	Payable to Provident Fund Trust	1,694,142	1,511,269
Mr. Shahzad Saleem, ex-CEO	Salary payable	-	2,000,000

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39.1 The details of compensation paid to key management personnel are shown under the heading of 'Remuneration of Chief Executive, Directors and Executive (Note 40)'. There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

39.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

39.3 Names of related parties along with basis of relationship, with whom the Company may or may not have entered into transactions during the year, are as follows:

Name of related party	Basis of relationship	2024	2023
		Percentage of shareholding	
PACRA Analytics (Private) Limited	Shareholding	100%	100%
Tasdeeq Information Services Limited	Associated Company	15.57%	20%
TenX (Private) Limited	Common directorship	-	-
Lanka Rating Agency Limited	Common directorship	-	-
LSE Ventures Limited	Major shareholder	-	-

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Non-executive directors		Executives	
	2024	2023	2024	2023	2024	2023
	Rupees					
Managerial remuneration	24,000,000	24,000,000	-	-	105,630,024	77,704,378
Contribution to provident fund	1,042,829	1,032,145	-	-	4,572,398	3,652,106
Bonus	6,327,254	12,325,266	-	-	27,461,123	15,932,586
Meeting fee	-	-	5,550,000	5,125,000	-	-
Reimbursable expenses	-	-	-	-	-	665,822
	31,370,083	37,357,411	5,550,000	5,125,000	137,663,545	97,954,892
Number	1	1	8	6	31	25

40.1 Executives includes employees other than chief executive and directors whose basic salary exceeds Rs. 1,200,000 during the year.

40.2 Managerial remuneration includes salaries and wages.

40.3 Directors fee during the year amounted to a total of Rs. 5,550,000 (June 30, 2023: Rs. 5,125,000) for attending Board of Directors meeting.

40.4 The Company has 9 (June 30, 2023: 7) Directors including Chief Executive and Independent Directors. No remuneration, other than meeting fee, is being paid to any Director except Chief Executive.

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41 NUMBER OF EMPLOYEES

	2024	2023
Number of employees as at June 30	85	95
Average number of employees for the year	90	90

42 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. The following reclassification has been made during the year:

Nature	Reclassification from	Reclassification to	Amount Rupees
Sales tax receivable	Advances, prepayments and other receivables (Note 17)	Trade and other payables (Note 26)	13,652,708
Advances from customers	Trade debts - Unsecured (Note 14)	Contract liabilities (Note 24)	230,534
Advance income tax	Advance income tax	Taxation - Net (Note 25)	39,749,978
Payable to related party balances	Trade and other payables (Note 26)	Receivable from related parties (Note 15)	1,025,408
Receivable from related party balances	Receivable from related parties (Note 15)	Trade and other payables (Note 26)	12,862,256

43 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

43.1 The Board of Directors in their meeting held on September 24, 2024 have recommended / proposed a final cash dividend for the year ended June 30, 2024 at the rate of Rs. Nil per share (2023: Rs. 3.45 per share), amounting to Rs. Nil (2023: Rs. 25.7 million) in addition to interim cash dividend of Rs. 7 per share (2023: Rs. 6 per share) amounting to Rs. 52.2 million (2023: Rs. 44.7 million).

43.2 On July 30, 2024, the Board of Directors of Pakistan Credit Rating Agency Limited (PACRA) approved the listing of the Company on the Growth Enterprise Market (GEM) Board of the Pakistan Stock Exchange (PSX). The listing will be executed through an offer for sale of 10% of the existing shares of the Company, proportionate to the shareholding of the current shareholders. This decision is subject to compliance with all applicable laws, regulations, and requirements of the GEM Board. The necessary processes for listing and offer for sale have been initiated and will be completed in accordance with the applicable regulatory framework. The listing was also unanimously approved by the shareholders in an Extraordinary General Meeting held on August 27, 2024.

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43.3 On July 30, 2024, the Board of Directors of PACRA has approved and recommend the shareholders to approve the par value of the Company's ordinary shares from Rs. 10 per share to Rs. 1 per share. On August 27, 2024, the shareholders of The Pakistan Credit Rating Agency Limited unanimously passed a special resolution pursuant to Section 85(1)(c) of the Companies Act, 2017, to reduce the par value of the Company's ordinary shares from Rs. 10 per share to Rs. 1 per share. The shareholders, further, unanimously passed a special resolution to amend Clause V of the Memorandum of association of the Company to reflect the reduction in par value of the ordinary shares.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 24 SEP 2024 by the Board of Directors of the Company.

45 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

BDO

CHIEF EXECUTIVE OFFICER **DIRECTOR**

BDO

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PAKISTAN CREDIT RATING AGENCY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **THE PAKISTAN CREDIT RATING AGENCY LIMITED** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BDO

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

BDO

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The consolidated financial statements of the Group for the year ended June 30, 2023 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon vide their report dated October 09, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.

BDO Ebrahim & Co

LAHORE

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO

DATED: October 02, 2024

UDIN: AR2024100879TrPQVSK3

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	8	19,326,133	25,037,024
Intangible assets	9	3,746,083	3,799,443
Right of use assets	10	6,254,321	10,607,079
Long term investments	11	59,393,294	65,844,414
Long term deposits	12	1,335,300	1,335,300
Deferred taxation	13	5,984,077	6,414,381
		96,039,209	113,037,641
CURRENT ASSETS			
Trade debts - Unsecured	14	100,166,970	83,983,220
Receivable from related parties	15	651,676	14,649,976
Loan to an associate - Unsecured	16	-	30,000,000
Advances, prepayments and other receivables	17	5,176,796	3,842,131
Short term investment	18	39,048,345	44,202,019
Cash and bank balances	19	54,892,965	84,256,046
		199,936,752	260,933,392
TOTAL ASSETS		295,975,961	373,971,033
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
12,500,000 (June 30, 2023: 12,500,000) ordinary shares of Rs. 10/- each	20.1	125,000,000	125,000,000
Issued, subscribed and paid-up share capital	20.2	74,529,000	74,529,000
Unappropriated profit		70,921,196	112,202,781
		145,450,196	186,731,781
NON-CURRENT LIABILITIES			
Lease liabilities	21	-	8,156,743
CURRENT LIABILITIES			
Current portion of lease liabilities	21	8,217,558	5,924,140
Short term borrowings - Secured	22	-	-
Accrued markup	23	417	30,034
Contract liabilities	24	79,956,513	107,262,158
Taxation - Net	25	3,131,034	8,766,546
Trade and other payables	26	59,220,242	57,099,631
		150,525,764	179,082,509
		150,525,764	187,239,252
TOTAL EQUITY AND LIABILITIES		295,975,961	373,971,033
CONTINGENCIES AND COMMITMENTS	27		

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

BDO

CHIEF EXECUTIVE OFFICER **DIRECTOR**

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Revenue from contracts with customers - Net	28	440,919,257	409,296,590
Remuneration cost	29	(222,303,230)	(193,154,649)
Infrastructure cost	30	(32,886,222)	(28,507,512)
Administrative cost	31	(35,317,150)	(26,945,819)
		(290,506,602)	(248,607,980)
Operating profit		150,412,655	160,688,610
Allowance for expected credit losses on trade debts	14	(572,793)	(2,469,452)
Other income	32	18,154,899	18,017,674
Finance cost	33	(2,308,908)	(3,765,840)
Share of loss of associated company	11	(12,184,120)	(3,066,314)
Profit before income tax and final tax		153,501,733	169,404,678
Final tax	34	(122,626)	(434,585)
Profit before income tax		153,379,107	168,970,093
Income tax	34	(49,701,787)	(45,397,867)
Profit after income tax		103,677,320	123,572,226
Earnings per share			
- Basic and diluted	35	13.91	16.58

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

BDO

Usman Haider

CHIEF EXECUTIVE OFFICER

DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Profit after income tax	103,677,320	123,572,226
Other comprehensive income	-	-
Items that will not be reclassified to profit or loss in subsequent periods	-	-
Items that may be reclassified to profit or loss in subsequent periods	-	(55,225)
Total comprehensive income for the year	103,677,320	123,517,001

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

BDO

CHIEF EXECUTIVE OFFICER **DIRECTOR**

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up share capital	Revenue reserve	Total
		Unappropriated profit	
	Rupees		
Balance as at July 01, 2022	74,529,000	78,120,580	152,649,580
Total comprehensive income for the year:			
Profit after income tax	-	123,572,226	123,572,226
Other comprehensive income for the year	-	(55,225)	(55,225)
	-	123,517,001	123,517,001
Transactions with owners			
Final dividend for the year ended June 30, 2022 at the rate of Rs. 6 per share	-	(44,717,400)	(44,717,400)
Interim dividend for the year ended June 30, 2023 at the rate of Rs. 6 per share	-	(44,717,400)	(44,717,400)
	-	(89,434,800)	(89,434,800)
Balance as at June 30, 2023	74,529,000	112,202,781	186,731,781
Total comprehensive income for the year:			
Profit after income tax	-	103,677,320	103,677,320
Other comprehensive income for the year	-	-	-
	-	103,677,320	103,677,320
Transactions with owners			
Interim dividend for the year ended June 30, 2023 at the rate of Rs. 9 per share	-	(67,076,100)	(67,076,100)
Final dividend for the year ended June 30, 2023 at the rate of Rs. 3.45 per share	-	(25,712,505)	(25,712,505)
Interim dividend for the year ended June 30, 2024 at the rate of Rs. 7 per share	-	(52,170,300)	(52,170,300)
	-	(144,958,905)	(144,958,905)
Balance as at June 30, 2024	74,529,000	70,921,196	145,450,196

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and final tax		153,501,733	169,404,678
Adjustment for non cash and other items:			
Depreciation on operating fixed assets	8	7,656,139	6,103,678
Depreciation on right of use assets	10	4,352,758	5,303,540
Amortization on intangible assets	9	1,934,360	824,695
Workers' Welfare Fund	31	3,362,925	-
Allowance for expected credit losses on trade debts	14	572,793	2,469,452
Amortization of Government grant	32	-	(102,793)
Finance cost	33	2,308,908	3,765,840
Markup on savings accounts	32	(4,717,164)	(2,100,413)
Markup on loan given to associate	32	(4,118,416)	(6,270,061)
Profit on short term investments	32	(6,840,068)	(8,818,490)
Miscellaneous income	32	(142,757)	(128,587)
Share of loss of associated company	11	12,184,120	3,066,314
(Gain) / loss on disposal of operating fixed assets	32	(7,025)	283,342
		16,546,574	4,396,517
Operating profit before working capital changes		170,048,307	173,801,195
Working capital changes:			
(Decrease) / increase in current assets:			
Trade debts - Unsecured	14	(16,756,543)	(6,271,094)
Advances, prepayments and other receivables	17	10,787,789	(9,209,885)
		(5,968,754)	(15,480,979)
(Decrease) / increase in current liabilities:			
Trade and other payables	26	(1,242,315)	21,514,255
Contract liabilities	24	(27,305,645)	9,049,198
		(28,547,961)	30,563,453
Cash generated from operations		135,531,592	188,883,669
Finance cost paid		(2,338,525)	(541,718)
Income tax paid		(55,254,589)	(43,215,565)
Net cash flows generated from operating activities		77,938,478	145,126,386
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	8	(1,998,223)	(16,623,959)
Proceeds from disposal of operating fixed assets	7	60,000	148,496
Purchase of intangible assets	9	(1,881,000)	(4,491,006)
Short term investment - Net		5,169,288	16,654,840
Investment in TISL	11	(5,733,000)	-
Interest received	32	20,079,165	16,297,340
Net cash generated from investing activities		15,696,230	11,985,711
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	21	(8,038,884)	(7,478,037)
Repayment of long term loan		-	(10,065,933)
Dividend paid		(144,958,905)	(89,434,800)
Repayment of loan from associated company	16	30,000,000	-
Net cash used in financing activities		(122,997,789)	(106,978,770)
Net (decrease) / increase in cash and cash equivalents		(29,363,081)	50,133,327
Cash and cash equivalents at the beginning of the year		84,256,046	34,122,719
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		54,892,965	84,256,046

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

THE PAKISTAN CREDIT RATING AGENCY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of The Pakistan Credit Rating Agency Limited ("Parent / the Holding Company") (PACRA), PACRA Analytics (Private) Limited ("the Subsidiary"), and Tasdeeq Information Services Limited ("the Associate"), together "the Group".

1.2 Corporate and general information

1.2.1 The Pakistan Credit Rating Agency Limited - Parent / the Holding Company

The Pakistan Credit Rating Agency Limited ("the Holding Company") was incorporated as a private limited company in Pakistan on August 18, 1994 and converted into a public limited company on April 30, 2004. The business of the Company is to carry out risk evaluation of companies and specific instruments. The evaluation is expressed in terms of assigned credit rating to the entity or the instrument reflecting the capacity to honor its debt or other fixed term obligations. The registered office of the Company is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

1.2.2 PACRA Analytics (Private) Limited - the Subsidiary Company

PACRA Analytics (Private) Limited was incorporated as a private limited company in Pakistan on January 04, 2010 under the Companies Ordinance, 1984 (superseded by the Companies Act, 2017), and is a wholly owned subsidiary of the Holding Company. The objectives of the Company are to carry on business as management and financial consultants, risk managers, project manager, tax and trust consultants, planners, advisors, accountants, share registrars, surveyors, assessors, supervisors, promoters and / or technical advisors of or for any person, company, trust, banks and financial institutions. The registered office of PACRA Analytics (Private) Limited is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

1.2.3 Tasdeeq Information Services Limited - the Associated Company

Tasdeeq Information Services Limited (the Company) was incorporated in Pakistan on March 25, 2016 as a public limited company under the Companies Ordinance, 1984 (repealed by the Companies Act, 2017). The Company's registered office is located at Building 8, Sector B, Commercial Area, Phase V, DHA, Lahore. The main objectives of the Company are to carry out the business of a Credit Information Company for collecting credit information as permissible by law relating to debtors of banks, financial institutions, non-banking financial institutions, non-financial companies and other lenders or authorities including retailers, insurance companies, utility providers and also to collect and maintain any credit information, with respect to individuals, partnerships, corporations, institutions, trusts, estates, cooperatives, associations, Government or Governmental subdivisions or agencies or any other entity.

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1.3 The Pakistan Credit Rating Agency Limited is part of PACRA Group which consists of:

Subsidiary Company	% age of direct shareholding	% age of effective shareholding
PACRA Analytics (Private) Limited	100%	100%
Associated Company		
Tasdeeq Information Services Limited	15.57%	15.57%

1.3.1 During the year, Tasdeeq Information Services Limited (TISL) issued right shares, but PACRA opted out of the issue. Due to this, PACRA's shareholding in TISL was diluted, but it continues to be PACRA's associated company on account of significant influence exercised by the common directors.

1.4 On March 26, 2021, the Group entered into an agreement titled 'Agreement for Acquiring Shareholding' with Lanka Rating Agency Limited (LRA) - Sri Lanka, wherein, LRA agreed to issue 26,818,772 shares (being 15% of its planned issued shares) to the Group, without any consideration, within 30 days of issuance of registration certificate to LRA, by local regulator. LRA has, however, issued these shares in two trenches, in FY 2021 and FY 2023, respectively. The Group has the option of selling these shares back to LRA (for Sri Lankan Rupees 2/share) after 5 years. At the same time, the Group and LRA also entered into an 'Agreement for Technical Affiliation' for provision of services by the Company; for a period of five (5) years, as discussed below, against annual cash consideration. LRA has offered these shares on the requirements of its local regulator.

At the inception of the above-mentioned agreements, in accordance with the requirements of relevant accounting standards, the Group determined that considering the financial condition of LRA, along with local economic environment, restrictions attached to shares to be held by the Group and non-performance risk resulting from restrictions on foreign remittances, the fair value of these shares (including the embedded derivative) rounded to zero. Accordingly, the Group had determined that transaction price for provision of technical services effectively only consisted of cash considerations. The Group continues to reassess the fair value of these shares (including the embedded derivative) at each reporting date. Owing to the current financial and economic conditions in Sri Lanka coupled with the recent sovereign default, the Group has determined, as of reporting date, that fair value of these shares (including the embedded derivative) continue to round to zero as a result of multiple uncertainties and uninsurable risks which a market participant will take into account while estimating non-performance risk relating to the LRA.

2 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNIT

The registered office of the Holding Company is situated at Awami Complex, FB-1, Usman Block, New Garden Town, Lahore.

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3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the functional and presentation currency for the Group. The figures have been rounded off to the nearest of Rupees unless otherwise stated.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies	January 01, 2023

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	Effective date (annual periods beginning on or after)
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Group adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Group to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 7 Material accounting policy information (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026

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	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5 CHANGE IN ACCOUNTING POLICY

During the year, the Group changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Ordinance, not based on the taxable profits of the Group, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the consolidated financial statements.

The change in accounting policy has been implemented, and last year's figures have been reclassified. However, the change has not been applied retrospectively because its impact on the prior year consolidated financial statements is immaterial.

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6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

	Notes
Allowance for expected credit losses	7.10
Useful lives, residual values and depreciation of operating fixed assets	7.3
Useful lives, residual values and amortization method of intangible assets	7.4
Deferred taxation	7.17.2
Contingencies	27.2
Impairment of non-financial assets	7.5

7 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

7.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary. The Group uses the acquisition method of accounting to account for business combination. The consideration transferred is the fair value of the assets transferred, the liabilities assumed and the equity interest issued by the Group, if any. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The financial statement of the Holding Company and its subsidiary are prepared up to the same reporting date using consistent accounting policy except as stated otherwise.

The Subsidiary is a wholly owned incorporated company. The Group policy related to acquisition of the subsidiary's identifiable assets acquired and liabilities assumed in the acquisition are measured initially at their fair value at the date of acquisition. Goodwill (if any) is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest using proportionate share method over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net asset of the subsidiary acquired, the difference is recognized in the consolidated statement of profit or loss. After initial recognition it is measured at carrying value i.e. at date of acquisition less any accumulated impairment.

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The financial statements of subsidiaries have been consolidated on line by line basis. Intra company balances, transactions, income and expenses have been eliminated. Assets, liabilities, income and expense have been consolidated from the date the Holding Company acquired the control of the subsidiary till the control cease to exist. Unrealized gain or loss on intra company transactions are also eliminated but unrealized losses are however recognized to the extent of impairment, if any.

7.1.1 Disposal of subsidiary

When the Group ceases to consolidate an investment in subsidiary because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

7.2 Business combinations and goodwill

7.2.1 Acquisition method of accounting

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

7.3 Operating fixed assets

7.3.1 Owned assets

Items of operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of operating fixed assets.

The residual values, useful lives and methods of depreciation of operating fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

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Normal repairs and maintenance are charged to consolidated statement of profit or loss, as and when incurred.

7.3.2 Depreciation

Depreciation charged on all operating fixed assets, is based on the straight line method so as to write off the historical cost of an asset over its estimated useful life at rates mentioned in Note 8 after taking into account their residual values. Depreciation on additions is charged from the month in which these are capitalized, while no depreciation is charged in the month in which an asset is disposed off.

7.3.3 Disposal

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of operating fixed assets are determined by comparing the proceeds from sale with the carrying amount of operating fixed assets, and are recognized in the consolidated statement of profit or loss.

7.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization for intangible assets and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method at rates mentioned in Note 9 to these consolidated financial statements. Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. Gains and losses on disposal of assets are recognized in the consolidated statement of profit or loss.

7.5 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized as expense. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

7.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

7.7 Long term investments

7.7.1 Investments in equity instruments of associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

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7.8 **Cash and cash equivalents**

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

7.9 **Financial instruments - Initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

7.10 **Financial assets**

Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts and bank balances that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

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Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss

b) Financial assets at amortized cost (debt instruments)

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group does not have financial assets recorded at fair value through profit or loss.

b) **Financial assets at amortized cost (debt instruments)**

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized costs includes long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

c) **Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial assets designated at fair value through OCI (equity instruments).

d) **Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)**

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized when:

• The rights to receive cash flows from the asset have expired; or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets - Impairment

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss. The impact of ECL on trade debts is disclosed in Note 14.

For bank balances, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the consolidated statement of profit or loss however, the impact of ECL on bank balances is immaterial.

7.11 Financial liabilities

Financial liabilities - Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category applies to short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

7.12 Offsetting of financial assets and financial liabilities

A financial asset and financial liability are offset and the net amount is reported in the consolidated statement of financial position if the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

7.13 Employee benefits

Defined contribution plan

The Group operates a defined contributory approved Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Group and employees at the rate of 5% (2023: 5%) of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

7.14 Contingent liabilities

A contingent liability is disclosed when:

i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

BDO

7.15 **Revenue from contracts with customers**

7.15.1 **Revenue recognition**

Revenue is recognized when services are rendered to the customer, in an amount that reflects the consideration the Group expects to be entitled to those services excluding sales tax and after deduction of discounts. Specific revenue and other income recognition policies are as follows:

7.15.1.1 **Fee income**

a) Rating

Revenue from rating services is recognized at point in time when services are rendered to the customer.

b) Monitoring

Revenue attributed to monitoring is recognized over the period in which monitoring is performed, generally one year.

7.15.2 **Dividends**

Dividend income is recognized when the Group's right to receive payment is established.

7.15.3 **Interest income**

Interest income is recognised as it accrues under the effective interest method.

7.16 **Contract balances**

Contract asset

A contract asset is the right to consideration for rendering of services if the Group performs by providing services to customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to render services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

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7.17 Taxation

7.17.1 Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

7.17.2 Deferred

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

7.17.3 Estimate

The Group establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

7.18 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in consolidated statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

BDO

7.19 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are recognized in consolidated statement of profit or loss.

7.20 Provision

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

7.21 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

7.22 Government grant

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

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When a grant related to non monetary asset is received, the asset and the grant are recorded at nominal amounts and released to statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

7.23 Related party transactions

Transactions with related parties occurring in the normal course of business adhere to terms of the respective agreements as approved by the board of directors.

7.24 Profit on bank deposit

Profit earned on saving and deposit accounts is accrued on time proportion basis by reference to the principal outstanding at the applicable rate of return.

7.25 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the consolidated statement of profit and loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

BDO

8 OPERATING FIXED ASSETS

Description	Furniture and fixtures	Office equipment and computers	Vehicles	Total
	(Rupees)			
Net carrying value basis				
Year ended June 30, 2024				
Opening net book value (NBV)	14,129,454	8,391,200	2,516,370	25,037,024
Additions (at cost)	-	1,998,223	-	1,998,223
Disposals (NBV)	-	(52,975)	-	(52,975)
Depreciation charge	(3,916,448)	(2,894,351)	(845,340)	(7,656,139)
Closing net book value	10,213,006	7,442,097	1,671,030	19,326,133
Gross carrying value basis				
Year ended June 30, 2024				
Cost	22,087,164	19,034,707	4,250,200	45,372,071
Accumulated depreciation	(11,874,158)	(11,592,610)	(2,579,170)	(26,045,938)
Net book value	10,213,006	7,442,097	1,671,030	19,326,133
Net carrying value basis				
Year ended June 30, 2023				
Opening net book value (NBV)	7,559,994	4,366,573	3,058,530	14,985,097
Additions (at cost)	9,550,130	7,073,829	-	16,623,959
Deletions - NBV	(69,974)	(396,232)	(2,148)	(468,354)
Depreciation charge	(2,910,696)	(2,652,970)	(540,012)	(6,103,678)
Closing net book value	14,129,454	8,391,200	2,516,370	25,037,024
Gross carrying value basis				
Year ended June 30, 2023				
Cost	22,087,164	17,115,984	4,250,200	43,453,348
Accumulated depreciation	(7,957,710)	(8,724,784)	(1,733,830)	(18,416,324)
Net book value	14,129,454	8,391,200	2,516,370	25,037,024
Depreciation rate % per annum	10-33.33	10-33.33	20	

8.1 Operating fixed assets include fully depreciated assets amounting to Rs. 9.31 million (2023: Rs. 8.33 million) that are still in use as of the reporting date.

BDO

		Note	2024 Rupees	2023 Rupees
9	**INTANGIBLE ASSETS**			
	Rating software - License	9.1	3,065,492	3,742,355
	Software	9.2	680,591	57,088
			3,746,083	3,799,443
9.1	**Rating software - License**			
	Net carrying value			
	Opening balance		3,742,355	-
	Addition during the year		1,181,000	4,491,006
	Amortization charge		(1,857,863)	(748,651)
	Net book value		3,065,492	3,742,355
	Gross carrying value			
	Cost		5,672,006	4,491,006
	Accumulated amortization		(2,606,514)	(748,651)
	Net book value		3,065,492	3,742,355
	Amortization rate (%) per annum		**33.33**	**33.33**
9.2	**Software**			
	Net carrying value			
	Opening balance		57,088	133,132
	Addition during the year		700,000	-
	Amortization charge		(76,497)	(76,044)
	Net book value		680,591	57,088
	Gross carrying value			
	Cost		1,731,074	1,031,074
	Accumulated amortization		(1,050,483)	(973,986)
	Net book value		680,591	57,088
	Amortization rate (%) per annum		**33.33**	**33.33**

9.2.1 The amortization charge for the year has been allocated as follows:

	Note	2024 Rupees	2023 Rupees
Infrastructure cost	30	1,934,360	824,695

9.3 Intangible assets include fully amortized assets amounting to Rs. 0.859 million (2023: Rs. 0.343 million) that are still in use as of the reporting date.

BDO

			2024 Rupees	2023 Rupees
10	**RIGHT OF USE ASSETS**			

The following is the statement of right of use assets:

10.1 Building

	Note	2024 Rupees	2023 Rupees
Net carrying value basis			
Opening net book value (NBV)		10,607,079	11,913,580
Additions (cost) / reassessment of lease		-	3,997,039
Depreciation charge	30	(4,352,758)	(5,303,540)
Closing net book value (NBV)		6,254,321	10,607,079
Gross carrying value basis			
Cost		27,824,199	27,824,199
Accumulated depreciation		(21,569,878)	(17,217,120)
Closing net book value (NBV)		6,254,321	10,607,079
Depreciation rate (%) per annum		**33.33**	**33.33**

10.1.1 This represents the lease contract for the 1st and 2nd floors of the Head office of the Group with a lease term of 3 years. The lease will expire in the year ending June 30, 2025.

11 LONG TERM INVESTMENTS

	2024 Rupees	2023 Rupees
In equity instruments	59,393,294	65,844,414

11.1 In equity instruments

	2024 Rupees	2023 Rupees
Tasdeeq Information Services Limited		
10,273,000 (2023: 10,000,000) fully paid shares	105,733,000	100,000,000
Share of loss		
As at July 01,	(34,155,586)	(31,034,047)
Share of loss for the year	(12,184,120)	(3,066,314)
Share of other comprehensive loss	-	(55,225)
As at June 30,	(46,339,706)	(34,155,586)
Net investment as at June 30	59,393,294	65,844,414

11.2 The Holding Company owns 10.273 million (2023: 10 million) fully paid shares at the rate of Rs. 10.29/- each resulting in total 15.57% equity investment (2023: 20%) in Tasdeeq Information Services Limited (TISL). However, the Group holds significant influence by virtue of the common directors on the board of directors of TISL, due to which it is being treated as an associated company. The investment has been made in accordance with the requirements under Companies Act 2017.

BDO

	Note	2024 Rupees	2023 Rupees

Summarized financial information in respect of TISL, an associated company, on the basis of un-audited financial statements for the year ended June 30, 2024 are set out below:

		2024 Rupees	2023 Rupees
Non current assets		589,529,072	509,768,761
Current assets		58,387,033	73,963,620
Non current liabilities		(39,904,502)	(34,760,687)
Current liabilities		(228,370,725)	(223,725,791)
Net assets - 100%		379,640,878	325,245,903
Percentage ownership interest		**15.57%**	**20%**
Group's share of net assets representing carrying amount of interest in associated company		59,110,085	65,049,181
Revenue from contracts with customers - Net		163,356,087	205,991,689
Loss after income tax		78,253,821	15,331,572
Other comprehensive loss		-	276,125
Total comprehensive loss for the year from continuing operations		12,184,120	3,066,314

12 LONG TERM DEPOSITS

	Note	2024 Rupees	2023 Rupees
LONG TERM DEPOSITS	12.1	1,335,300	1,335,300

12.1 This represents security deposits against leased premises, telecommunication and other services. These deposits do not carry any interest or mark-up and are not recoverable within one year. These deposits have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial by the management.

13 DEFERRED TAX ASSET - NET

	Note	2024 Rupees	2023 Rupees
Deferred tax asset - Net	13.1	5,984,077	6,414,381

13.1 Deferred tax arisen during the year on the following items

	2024 Rupees	2023 Rupees
Deductible temporary differences		
- Accelerated tax depreciation on operating fixed assets/amortization allowances	1,856,146	1,671,889
- Provision for expected credit losses	2,583,344	2,722,975
- Lease liability - Net	569,339	1,007,403
- Workers' Welfare Fund	975,248	1,012,114
	5,984,077	6,414,381

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		Note	2024 Rupees	2023 Rupees
13.2	The gross movement in the deferred tax asset during the year is as follow:			
	Opening deferred tax		6,414,381	3,213,180
	Charged to profit and loss	34	(430,304)	3,201,201
	Closing deferred tax		5,984,077	6,414,381
14	**TRADE DEBTS - UNSECURED**			
	Unsecured - Considered good			
	Receivable from customers	14.1	109,075,054	93,372,788
	Less: Allowance for expected credit losses (ECL)	14.4	(8,908,084)	(9,389,568)
			100,166,970	83,983,220
14.1	This includes balance receivable from the following related party:			
	Lanka Rating Agency Limited		32,734,251	33,603,884
14.2	The maximum aggregate amount outstanding from related parties at any time during the year was:			
	Lanka Rating Agency Limited		32,734,251	33,603,884
14.3	Age analysis of receivable from related party, past due but not impaired is as follows:			
	0 to 6 months		10,435,609	22,298,642
	6 to 12 months		-	-
	Above 12 months		22,298,642	11,305,242
			32,734,251	33,603,884
14.4	Movement of expected credit losses is as follows:			
	Opening balance		9,389,568	6,920,116
	Allowance for expected credit loss for the year		572,793	2,469,452
	Trade debts written off		(1,054,277)	-
	Closing balance		8,908,084	9,389,568
15	**RECEIVABLE FROM RELATED PARTIES**			
	Tasdeeq Information Services Limited (TISL) - Advance for purchase of shares	15.1	-	12,733,007
	Tasdeeq Information Services Limited (TISL) - Reimbursement / accrued markup		261,383	850,438
	TenX (Private) Limited - Reimbursement		390,293	1,066,531
			651,676	14,649,976

BDO

	Note	2024 Rupees	2023 Rupees

15.1 This represents advance for purchase of shares amounting to Rs. Nil (2023: Rs. 12.733 million) from TISL.

15.2 The maximum aggregate amount outstanding from related parties at any time during the year was:

		2024	2023
TISL		261,383	13,583,445
TenX (Private) Limited		771,053	1,066,531

15.3 Age analysis of receivable from related parties, past due but not impaired is as follows:

		2024	2023
0 to 6 months		261,383	1,916,969
6 to 12 months		390,293	-
Above 12 months		-	12,733,007
		651,676	14,649,976

16 LOAN TO AN ASSOCIATE - UNSECURED

	Note	2024	2023
Tasdeeq Information Services Limited		30,000,000	30,000,000
Add : Accrued mark-up		-	1,875,846
		30,000,000	31,875,846
Less: Accrued mark-up		-	(1,875,846)
Principal Repayment	16.1	(30,000,000)	-
		-	30,000,000

16.1 Movement of loan is as follows:

		2024	2023
Opening balance		30,000,000	30,000,000
Payments during the year		(30,000,000)	-
Closing balance		-	30,000,000

16.2 This represents loan given to TISL for the purpose of bridging TISL's cash shortfall till injection of new equity. The loan was given on January 18, 2022. The tenure of the loan was one year from the date of disbursement. The loan was further renewed for the period of one year effective January 18, 2023. As per the agreement the markup rate was three month KIBOR plus 300 bps or at the rate paid by TISL to its other sponsor shareholder, whichever is higher. During the year, the principal amount along with the accrued markup was repaid in full on January 12, 2024.

16.3 The maximum aggregate amount outstanding from associate at any time during the year was:

		2024	2023
Tasdeeq Information Services Limited		30,000,000	31,875,846

BDO

		Note	2024 Rupees	2023 Rupees
17	**ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances - Unsecured, considered good			
	To employees	17.1	1,546,792	486,500
	To suppliers		392,830	805,000
	Prepayments		3,237,174	2,550,631
			5,176,796	3,842,131

17.1 This represents advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and are deductible from their salaries. These advances have not been discounted to present value using the effective interest rate method as the effect of discounting is considered to be immaterial by the management.

18 SHORT TERM INVESTMENT

	Note	2024 Rupees	2023 Rupees
Investment in Government securities	18.1	39,048,345	44,202,019

18.1 This relates to invesmtent in treasury bills by the Holding Company. They carry yield ranging from 20.01% to 23.29% (2023: 15.57% to 21.99%) per annum. These Treasury bills have a maturity period of 3 months. These Government securities have an aggregate face value of Rs. 40 million (2023: Rs. 45.5 million).

19 CASH AND BANK BALANCES

	Note	2024 Rupees	2023 Rupees
Cash in hand		14,071	-
Cash at banks			
- Current accounts		14,704,844	32,344,568
- Saving account	19.1	40,174,050	51,911,478
		54,892,965	84,256,046

19.1 This carries mark up of 20.50% (2023: 12.25% to 19.5%) per annum.

20 SHARE CAPITAL

20.1 Authorized share capital

	2024 Rupees	2023 Rupees
12,500,000 (June 30, 2023: 12,500,000) ordinary shares of Rs. 10/- each	125,000,000	125,000,000

BDO

	2024	2023		2024 Rupees	2023 Rupees

20.2 Issued, subscribed and paid up share capital

2024	2023		2024	2023
Number of ordinary shares of Rs. 10/- each			Rupees	Rupees
1,500,000	1,500,000	Fully paid in cash	15,000,000	15,000,000
5,952,900	5,952,900	Fully paid bonus shares	59,529,000	59,529,000
7,452,900	7,452,900		74,529,000	74,529,000

20.2.1 All ordinary shares rank equally with regard to the residual assets of the Group. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Group. Voting and other rights are in proportion to the shareholding.

20.3 There has been no movement in ordinary share capital during the year ended June 30, 2024.

BDO

		2024 Rupees	2023 Rupees

21 LEASE LIABILITIES

Lease period for the lease during current year consists of 3 years (2023: 3 years) The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) is 22.96% (2023: 22.96%).The amounts of future payments and the periods in which they will become due are:

21.1 As at June 30

	2024 Rupees	2023 Rupees
2024	-	8,038,884
2025	8,641,797	8,641,797
	8,641,797	16,680,681
Less: future finance charges	(424,239)	(2,599,798)
Present value of lease payments	8,217,558	14,080,883
Less: Current maturity shown under current liabilities	(8,217,558)	(5,924,140)
	-	8,156,743

21.2 Lease payments (LP) and their present value (PV) are as follows:

	2024		2023	
	LP	PV of LP	LP	PV of LP
	Rupees			
Due not later than 1 year	8,641,797	5,435,194	8,038,884	6,426,869
Due later than 1 year but not later than 5 years	-	-	8,641,797	5,435,194
Later than 5 years	-	-	-	-
	8,641,797	5,435,194	16,680,681	11,862,063

21.3 Movement of lease liabilities

	2024 Rupees	2023 Rupees
Opening balance	14,080,883	14,280,439
Add: Reassessment of lease	-	3,997,039
Add: Interest expense for the year	2,175,559	3,281,442
Less: Payments made during the year	(8,038,884)	(7,478,037)
Closing balance	8,217,558	14,080,883
Less: Current portion of lease	(8,217,558)	(5,924,140)
	-	8,156,743

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	Note	2024 Rupees	2023 Rupees

22 SHORT TERM BORROWINGS - SECURED

This represents running finance facility obtained from Bank AL Habib Limited against limit of Rs. 30 million (2023: Rs. 30 million) for working capital requirements. At year end, the utilized balance of the facility is Rs. Nil (2023: Rs. Nil). This facility carries markup at the rate of 3 month KIBOR plus 150 basis points per annum (2023: 3 month KIBOR plus 150 basis points per annum), payable quarterly. This is secured by way of first hypothecation charge of Rs. 85 million and Rs. 10 million on present and future current assets and furniture and fixtures of the Holding Company respectively.

23 ACCRUED MARKUP

	Note	2024 Rupees	2023 Rupees
Markup on short term borrowings	22	417	30,034

24 CONTRACT LIABILITIES

	Note	2024 Rupees	2023 Rupees
Advance from customers	24.1	8,942,887	31,889,597
Deferred revenue	24.2	71,013,626	75,372,561
		79,956,513	107,262,158

24.1 This represents advance received from customers for future rating of entities.

24.2 This represents deferred revenue relating to services recognized over time.

24.3 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 75.37 million (2023: Rs. 60.75 million).

24.4 The contract liabilities are expected to be satisfied during the year ending June 30, 2025.

25 TAXATION - NET

	Note	2024 Rupees	2023 Rupees
Provision for taxation	25.1	49,619,077	49,033,652
Less: Income tax		(46,374,990)	(40,169,572)
Less: Prepaid assets		(113,052)	(97,534)
		3,131,034	8,766,546

25.1 Movement of provision for taxation is as follows:

	Note	2024 Rupees	2023 Rupees
Opening balance		49,033,652	37,509,297
Provision for the year		49,619,077	49,033,652
Less: Adjustments / payments during the year		(48,808,685)	(37,509,297)
Less: Prior year adjustment	34	(224,967)	-
		49,619,077	49,033,652

BDO

	Note	2024 Rupees	2023 Rupees

26 TRADE AND OTHER PAYABLES

	Note	2024 Rupees	2023 Rupees
Remuneration and related cost payable		37,689,565	43,280,505
Infrastructure and related cost payable		686,013	490,568
Administrative and related cost payable		2,767,815	3,046,967
Provident Fund payable		1,694,142	496,476
Workers' Welfare Fund	26.1	6,852,974	3,490,049
Withholding tax		2,030,172	55,243
Sales tax payable		7,499,560	6,239,823
		59,220,242	57,099,631

26.1 Workers' Welfare Fund

	Note	2024 Rupees	2023 Rupees
Opening balance		3,490,049	-
Provision for the year	26.1.1	3,362,925	3,490,049
Payment during the year		-	-
Interest charged during the year		-	-
Closing balance		6,852,974	3,490,049

26.1.1 The Holding Company is required to pay 2% of its profit to the Punjab Workers' Welfare Fund.

27 CONTINGENCIES AND COMMITMENTS

27.1 Commitments

JS Bank Limited has issued performance guarantee on behalf of the Holding Company in favour of Finance Department of Government of Punjab amounting to Rs. 0.05 million (2023: Rs. 0.05 million).

27.2 Contingencies

27.2.1 A number of notices were issued to the Holding Company from tax authorities under section 161(1)(1A) for the tax years 2014 and 2016-2021. These were issued on account of non-deduction of withholding tax on expenses and purchases. The aggregate tax liability for 2016 amounts to Rs. 0.59 million and no further tax liability has been computed in regard to any other tax year. The management's response is pending adjudication and a favorable outcome is expected in this regard.

27.2.2 The Deputy Commissioner Inland Revenue (the "DCIR") issued order dated May 31, 2021 under section 122(1) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2015 whereby tax amounting to Rs. 10.1 million on account of disallowance of expenses was levied. The Holding Company preferred an appeal on June 18, 2021 before Commissioner Inland Revenue (Appeals) [the "CIR(A)"], who remanded back the case for reassessment on September 09, 2022, which is pending adjudication. The management expects a favourable outcome in this regard.

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27.2.3 The DCIR issued a notice under section 4-C for the tax year 2022 for recovery of super tax on July 11, 2023. Reply has been submitted and the case is pending with tax officials. The management expects a favourable outcome in this regard.

27.2.4 The Assistant Commissioner Sindh Revenue Board (the "ACSR") issued notice dated October 21, 2021 under section 3 and 8 of the Sindh Sales Tax on Services Act 2011 (the " Act") for the tax period 2017, 2018, 2019 and 2020 for revenue difference in SRB sales tax returns and audited accounts for abovementioned periods and sales tax amounting Rs. 38.02 million was levied. In compliance to this notice, the assessing officer passed judgement on dated July 02, 2022 and tax assessed by Rs. 831,949 and imposed penalty by Rs. 41,594. Against such order an appeal was filed before the worthily Commissioner Appeals, SRB. On May 07, 2024, the respondent submitted a written reply. In response to this, a detailed response was submitted on July 30, 2024. Despite this, the respondent was absent on the hearing. The Honourable Commissioner Appeals supplied the response with the respondent and requested to submit his reply before the final hearing of the case. The management expects a favourable outcome in this regard.

27.2.5 The Additional Commissioner Inland Revenue (the "ACIR") issued notice dated June 04, 2024 under section 122(9) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2023 whereby tax amounting to Rs. 2.4 million on account of disallowance of adjustable tax on profit on debt was levied. In compliance to this notice, a reply by the Holding Company has duly been submitted dated June 14, 2024 which is still under process. The management expects a favourable outcome in this regard.

27.2.6 The Additional Commissioner Inland Revenue (the "ACIR") issued notice dated December 15, 2023 under section 122(9) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2022 for withholding tax deducted on dividend paid. In compliance to this notice, a reply by the Holding Company has duly been submitted dated December 26, 2023 which is still under process. The management expects a favourable outcome in this regard.

	Note	2024 Rupees	2023 Rupees
28 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Income from rating business			
- Domestic		484,336,278	408,585,756
- Foreign		1,827,000	1,710,685
		486,163,278	410,296,441
Income from non rating business			
- Domestic		1,919,700	7,878,020
- Foreign	28.1	10,435,609	43,458,533
		12,355,309	51,336,553
Less: Provincial sales tax		(57,599,330)	(52,336,404)
Revenue from contracts with customers - Net		440,919,257	409,296,590

BDO

28.1 Under the Agreement for Technical Affiliation, in addition to services provided for initial setup of LRA's rating business, the Holding Company is performing agreed upon but unspecified quantity of services relating to training, rating audit and review. In accordance with IFRS 15 'Revenue from contract with customers' the Holding Company has determined that these ongoing activities consist of distinct but substantively same services and thus can be classified as a single performance obligation.

	Note	2024 Rupees	2023 Rupees
28.2 Disaggregation of fees income			

In the following table fees income from contracts with customers is disaggregated primarily by types of rating, timing of revenue recognition and geographical market.

	Note	2024 Rupees	2023 Rupees
Type of rating services			
Entity rating		303,345,212	254,509,563
Instrument rating		90,684,422	78,678,439
Fund rating		34,754,014	25,970,618
		428,783,648	359,158,620
Type of Non rating services			
Consultancy services		10,445,609	43,458,533
Credit Risk Assessment Training		1,690,000	6,679,437
		12,135,609	50,137,970
		440,919,257	409,296,590
Timing of revenue recognition			
Revenue recognized at a point in time		295,415,902	328,773,159
Revenue recognized over time		145,503,355	80,523,431
		440,919,257	409,296,590
Geographical market			
Pakistan		428,656,648	364,127,372
United Kingdom		1,827,000	1,710,685
Sri Lanka		10,435,609	43,458,533
		440,919,257	409,296,590

29 REMUNERATION COST

	Note	2024 Rupees	2023 Rupees
Salaries and other benefits	29.1	211,012,519	181,911,836
Retired employees benefits		1,820,599	1,976,507
External rating committee member fee		9,370,112	7,491,664
Advisory / consultancy fee		100,000	1,774,642
		222,303,230	193,154,649

BDO

29.1 Salaries and other benefits include Rs. 7.15 million (2023: Rs. 5.65 million) in respect of contribution to provident fund.

		Note	2024 Rupees	2023 Rupees
30	**INFRASTRUCTURE COST**			
	Rent, rates and taxes		2,734,456	3,184,806
	Utilities		6,108,269	4,925,582
	Technology and related expenses		6,894,864	3,759,694
	Repairs and maintainance		1,849,024	2,024,956
	Depreciation on operating fixed assets		7,656,139	6,103,678
	Amortization on intangible assets	9.2.1	1,934,360	824,695
	Depreciation on right of use asset	10.1	4,352,758	5,303,540
	Loss on disposal of operating fixed assets		-	283,342
	Others		1,356,351	2,097,219
			32,886,222	28,507,512

		Note	2024 Rupees	2023 Rupees
31	**ADMINISTRATIVE COST**			
	Directors meeting expenses	31.1	5,550,000	5,125,000
	Legal and professional charges		6,484,981	1,821,872
	Entertainment and related expenses		6,117,896	6,694,438
	Travelling, food and accommodation		4,519,531	3,421,579
	Auditor's remuneration	31.2	1,550,000	1,550,000
	Tax advisory, consultancy and fees		2,975,000	987,979
	Workers' Welfare Fund	26.1	3,362,925	3,490,049
	Communication and related expenses		1,284,886	1,375,856
	Promotional expense		236,510	492,246
	Mess expense		766,138	-
	Others		2,469,283	1,986,800
			35,317,150	26,945,819

31.1 This represents the meeting fee paid to Directors of the Group for attending the meetings held during the year.

31.2 Auditor's remuneration

	2024 Rupees	2023 Rupees
Statutory audit fee	1,450,000	1,450,000
Out of pocket expense	100,000	100,000
BDO	1,550,000	1,550,000

		Note	2024 Rupees	2023 Rupees
32	**OTHER INCOME**			
	Markup on savings accounts		4,717,164	2,100,413
	Unwinding of Government grant		-	102,793
	Gain on disposal of operating fixed assets		7,025	-
	Markup on loan given to associate		4,118,416	6,270,061
	Profit on short term investments	18	6,840,068	8,818,490
	Reimbursement from clients		2,329,469	597,330
	Miscellaneous income		142,757	128,587
			18,154,899	18,017,674
33	**FINANCE COST**			
	Markup on short term borrowings		30,412	444,877
	Finance cost on lease liabilities		2,175,559	3,277,239
	Bank charges		102,938	43,724
			2,308,908	3,765,840
34	**TAXATION**			
	Final tax		122,626	434,585
	Current tax			
	Current period		49,496,451	48,599,068
	Prior period	25	(224,967)	-
			49,394,110	49,033,653
	Deferred tax - relating to origination of temporary differences	13	430,304	(3,201,201)
			49,824,413	45,832,452
	Current tax liability for the year as per the Ordinance		49,394,110	49,033,653
	Portion of current tax liability as per tax laws, representing income tax under IAS 12		(49,394,110)	(49,033,653)
	Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		-	-
			-	-

34.1 The aggregate of current income tax amounting to Rs. 49.497 million (2023: Rs. 48.599 million) represents tax liability of the Group calculated under the relevant provisions of the Income Tax Ordinance, 2001.

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34.2 Historically, the Group has paid taxes under the normal tax regime, and it anticipates achieving an expected profit by the year end, remaining with a normal tax regime.

	Note	2024 Rupees	2023 Rupees
34.3 Reconciliation between tax expenses and accounting profit			
Accounting profit before taxation		153,501,733	169,404,678
Tax at applicable rate of 29% (2023: 29%)		44,515,503	49,127,357
Tax effect of deductions		3,445,209	(93,704)
Tax effect of super tax of 1% (2023: Nil)		1,658,365	-
Deferred taxation impact		430,304	(3,201,201)
Prior taxation impact		(224,967)	-
		49,824,413	45,832,452

35 EARNINGS PER SHARE - BASIC AND DILUTED

	2024	2023
Profit after tax	103,677,320	123,572,226
	Numbers	**Numbers**
Weighted average number of ordinary shares outstanding during the year	7,452,900	7,452,900
	Rupees	**Rupees**
Earnings per share - basic and diluted	13.91	16.58

35.1 Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares.

35.2 There is no dilutive effect on the basic earnings per share of the Group.

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36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities include short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities. The major portion of these financial liabilities include short-term borrowing that is availed to meet the working capital requirements. The Group's financial assets include long term deposits, trade debts, loans to an associate, receivable from related parties, short term investment, and cash and bank balances.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the risk profile and is supported by the finance department that advises on financial risks and the appropriate financial risk governance framework for the Group. This department also provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk appetite. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

36.1 Market risk

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debts and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analysis has been based on the assumption that the sensitivity of the relevant profit or loss item is the effect of the assumed changes in respect of market risks. This is based on the financial assets and financial liabilities held at June 30, 2024 and June 30, 2023.

36.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group, are periodically restated to Pak Rupee equivalent and the associated gain or loss is taken to the statement of profit or loss.

The Group is exposed to currency risk on trade debts that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD).

Particulars	**2024**	**2023**
Assets		
Trade debts - Unsecured - USD	115,000	117,500

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36.1.2 Exchange rate applied during the year

The following significant exchange rates have been applied during the year:

	Average rate for the year		Reporting date rate	
	2024	2023	2024	2023
USD to PKR	282.95	246.55	278.80	287.10

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before income tax.

Changes in rates	2024 Rupees	2023 Rupees
	Effect on profit before income tax	
+1%	320,620	337,343
-1%	(320,620)	(337,343)

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

36.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

36.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Group does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Group applies approved credit limits to its customers. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for trade debts.

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The management monitors and limits the Group's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for expected credit loss, if any, and through the prudent use of collateral policy. Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits and quality are established for all customers based on individual customer evaluation.

The Group is exposed to credit risk on long term deposits, trade debts, receivable from related parties, loan to an associate, short term investment and bank balances. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Note	2024 Rupees	2023 Rupees
Long term deposits		1,335,300	1,335,300
Trade debts - Unsecured	14	100,166,970	83,983,220
Receivable from related parties	15	651,676	14,649,976
Loan to an associate - Unsecured	16	-	30,000,000
Short term investment	18	39,048,345	44,202,019
Bank balances	19	54,878,894	84,256,046
		196,081,185	258,426,561

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate rate
36.2.1 Trade Debts			
June 30, 2024			
Not due	81,419,187	-	0.00%
Past due:			
1-90 days	13,607,451	602,810	4.43%
91-180 days	6,403,754	1,013,074	15.82%
181-270 days	623,274	274,926	44.11%
271-365 days	1,246,610	1,242,496	99.67%
Above 365 days	5,774,778	5,774,778	100%
	27,655,867	8,908,084	
	109,075,054	8,908,084	

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	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate rate
June 30, 2023			
Not due	1,120,533	-	0.00%
Past due:			
1-90 days	73,688,033	-	0.00%
91-180 days	11,680,287	-	0.00%
181-270 days	4,414,483	-	0.00%
271-365 days	-	-	0.00%
Above 365 days	2,469,452	2,469,452	100%
	92,252,255	2,469,452	
	93,372,788	2,469,452	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The information about the credit risk exposure on the Group's trade debts using a provision matrix is given above.

36.2.2 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution	**Ratings**		
	Agency	**Short Term**	**Long term**
Bank balances			
Bank AL Habib Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA

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36.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Carrying amount	Contractual cash flows	On demand	Within one year	More than one year but less than five years	After five years
	Rupees					
June 30, 2024						
Financial liabilities						
Lease liabilities	8,217,558	8,641,797	-	8,641,797	-	-
Accrued markup	417	417	-	417	-	-
Trade and other payables	41,143,394	41,143,394	-	41,143,394	-	-
	49,361,369	49,785,608	-	49,785,608	-	-
June 30, 2023						
Financial liabilities						
Lease liabilities	14,080,883	16,680,681	-	8,038,884	8,641,797	-
Accrued markup	30,034	30,034	-	30,034	-	-
Trade and other payables	46,818,040	46,818,040	-	46,818,040	-	-
	60,928,957	63,528,755	-	54,886,958	8,641,797	-

36.4 Changes in liabilities arising from financing activities

	As at July 01,	Cash flows	Additions	Others	As at June 30,
	Rupees				
2024					
Lease liabilities	14,080,883	(8,038,884)	-	2,175,559	8,217,558
Accrued markup	30,034	(60,027)	30,411	-	417
	14,110,917	(8,098,911)	30,411	2,175,559	8,217,975

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	As at July 01,	Cash flows	Additions	Others	As at June 30,
	Rupees				
2023					
Lease liabilities	14,280,439	(7,478,037)	3,997,039	3,281,442	14,080,883
Accrued markup	866,414	(1,103,552)	267,172	-	30,034
	15,146,853	(8,581,589)	4,264,211	3,281,442	14,110,917

36.5 Financial instruments by categories

	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
	Rupees			
2024				
Financial assets				
Debt instruments at amortized cost				
Long term deposits	-	-	1,335,300	1,335,300
Trade debts - Unsecured	-	-	100,166,970	100,166,970
Receivable from related parties	-	-	651,676	651,676
Loan to an associate - Unsecured	-	-	-	-
Short term investment	-	-	39,048,345	39,048,345
Cash and bank balances	-	-	54,892,965	54,892,965
	-	-	196,095,256	196,095,256

	Financial liabilities at amortized cost
Financial liabilities	
Lease liabilities	8,217,558
Accrued markup	417
Trade and other payables	41,143,394
	49,361,369

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	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
	Rupees			
2023				
Financial assets				
Debt instruments at amortized cost				
Long term deposits	-	-	1,335,300	1,335,300
Trade debts - Unsecured	-	-	83,983,220	83,983,220
Receivable from related parties	-	-	14,649,976	14,649,976
Loan to an associate - Unsecured	-	-	30,000,000	30,000,000
Short term investment	-	-	44,202,019	44,202,019
Cash and bank balances	-	-	84,256,046	84,256,046
	-	-	258,426,561	258,426,561

	Financial liabilities at amortized cost
Financial liabilities	
Lease liabilities	14,080,883
Accrued markup	30,034
Trade and other payables	46,818,040
	60,928,957

37 FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

The following table shows assets recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of the reporting date, the Group does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

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38 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry norms, the Group monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

	2024 Rupees	2023 Rupees
Lease liabilities	8,217,558	14,080,883
Cash and cash equivalent	(54,892,965)	(84,256,046)
Net debt	(46,675,407)	(70,175,163)
Total equity	145,450,196	186,731,781
Total capital	98,774,789	116,556,618
Capital gearing ratio	-47%	-60%

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39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of Associated company, Group's Directors and key management personnel. Balances with related parties are disclosed in respective notes to the consolidated financial statements. Significant transactions with related parties other than those disclosed elsewhere in the consolidated financial statements are as follows:

Name of related party	Nature of transaction	2024 Rupees	2023 Rupees
Lanka Rating Agency Limited	Income from services provided by the Company	10,435,609	43,458,533
	Receipt from the related party	11,305,242	9,854,649
Tasdeeq Information Services Limited - an associated company with significant influence (15.57% owned)	Investment in associate during the year	5,733,000	-
	Amount on account of loan repayment	30,000,000	-
	Amount on account of advance for purchase of shares repaid by associated company	12,733,007	-
	Expenses paid on behalf of the associated company	2,416,225	1,393,788
	Expenses paid by associated company on behalf of the Group	1,129,434	2,100,459
	Markup on loan charged to associated company	4,118,416	6,270,061
	Markup paid by associated company	5,994,262	4,394,215
TenX (Private) Limited - an associate due to common directorship	Expenses paid on behalf of the associated company	1,539,628	1,395,573
	Receipts from the associated company	2,215,866	-
Post employment benefits	Contributions to Provident Fund Trust	7,154,497	5,654,917
LSE Ventures Limited (36% equity held)	Dividend paid	52,185,045	32,196,504

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		2024 Rupees	2023 Rupees
Mumtaz Hussain Syed (27% equity held)	Dividend paid	39,138,846	24,147,360
Sardar Ali Watto (13.5% equity held)	Dividend paid	19,569,442	12,073,680
Usman Haider (13.5% equity held)	Dividend paid	19,569,423	12,073,680
Muhammad Adnan Afaq (10% equity held)	Dividend paid	14,495,891	8,198,190
Other Directors (0.0003% equity held)	Dividend paid	257	72

39.1 Outstanding balances as at June 30

Lanka Rating Agency Limited	Receivable from related party	32,734,251	33,603,884
Tasdeeq Information Services Limited - an associated company with significant influence (15.57% owned)	Receivable from associated company - Unsecured	261,383	13,583,445
TenX (Private) Limited - an associate due to common directorship	Receivable from associated company - Unsecured	390,293	1,066,531
Post employment benefits	Payable to Provident Fund Trust	1,694,142	1,511,269
Mr. Shahzad Saleem, ex-CEO	Salary payable	-	2,000,000

39.1 The details of compensation paid to key management personnel are shown under the heading of 'Remuneration of Chief Executive, Directors and Executive (Note 40)'. There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

39.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

39.3 Names of related parties along with basis of relationship, with whom the Group may or may not have entered into transactions during the year, are as follows:

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Name of related party	Basis of relationship	2024	2023
		Percentage of shareholding	
PACRA Analytics (Private) Limited	Shareholding	100%	100%
Tasdeeq Information Services Limited	Associated company	15.57%	20%
TenX (Private) Limited	Common directorship	-	-
Lanka Rating Agency Limited	Common directorship	-	-
LSE Ventures Limited	Major shareholder	-	-

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Non-executive directors		Executives	
	2024	2023	2024	2023	2024	2023
	Rupees					
Managerial remuneration	24,000,000	24,000,000	-	-	105,630,024	77,704,378
Contribution to provident fund	1,042,829	1,032,145	-	-	4,572,398	3,652,106
Bonus	6,327,254	12,325,266	-	-	27,461,123	15,932,586
Meeting fee	-	-	5,550,000	5,125,000	-	-
Reimbursable expenses	-	-	-	-	-	665,822
	31,370,083	37,357,411	5,550,000	5,125,000	137,663,545	97,954,892
Number	1	1	8	6	31	25

40.1 Executives includes employees other than chief executive and directors whose basic salary exceeds Rs. 1,200,000 during the year.

40.2 Managerial remuneration includes salaries and wages.

40.3 Directors fee during the year amounted to a total of Rs. 5,550,000 (June 30, 2023: Rs. 5,125,000) for attending Board of Directors meeting.

40.4 The Group has 9 (June 30, 2023: 7) Directors including Chief Executive and Independent Directors. No remuneration, other than meeting fee, is being paid to any Director except Chief Executive.

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41 NUMBER OF EMPLOYEES

	2024	2023
Number of employees as at June 30	85	95
Average number of employees for the year	90	90

42 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. The following reclassification has been made during the year:

Nature	Reclassification from	Reclassification to	Amount Rupees
Sales tax receivable	Advances, prepayments and other receivables (Note 17)	Trade and other payables (Note 26)	13,652,708
	Receivable from related parties (Note 15)	Trade and other payables (Note 26)	62,125
Withholding tax payable	Taxation - Net (Note 25)	Trade and other payables (Note 26)	12,610
Advances from customers	Trade debts - Unsecured (Note 14)	Contract liabilities (Note 24)	230,534
Advance income tax	Advance income tax	Taxation - Net (Note 25)	40,589,166
Payable to related party balances	Trade and other payables (Note 26)	Receivable from related parties (Note 15)	1,025,408

43 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

43.1 The Board of Directors in their meeting held on September 24, 2024 have recommended / proposed a final cash dividend for the year ended June 30, 2024 at the rate of Rs. Nil per share (2023: Rs. 3.45 per share), amounting to Rs. Nil (2023: Rs. 25.7 million) in addition to interim cash dividend of Rs. 7 per share (2023: Rs. 6 per share) amounting to Rs. 52.2 million (2023: Rs. 44.7 million).

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43.2 On July 30, 2024, the Board of Directors of Pakistan Credit Rating Agency Limited (PACRA) approved the listing of the Holding Company on the Growth Enterprise Market (GEM) Board of the Pakistan Stock Exchange (PSX). The listing will be executed through an offer for sale of 10% of the existing shares of the Holding Company, proportionate to the shareholding of the current shareholders. This decision is subject to compliance with all applicable laws, regulations, and requirements of the GEM Board. The necessary processes for listing and offer for sale have been initiated and will be completed in accordance with the applicable regulatory framework. The listing was also unanimously approved by the shareholders in an Extraordinary General Meeting held on August 27, 2024.

43.3 On July 30, 2024, the Board of Directors of PACRA has approved and recommended the shareholders to approve the par value of the Holding Company's ordinary shares from Rs. 10 per share to Rs. 1 per share. On August 27, 2024, the shareholders of The Pakistan Credit Rating Agency Limited unanimously passed a special resolution pursuant to Section 85(1)(c) of the Companies Act, 2017, to reduce the par value of the Holding Company's ordinary shares from Rs. 10 per share to Rs. 1 per share. The shareholders, further, unanimously passed a special resolution to amend Clause V of the Memorandum of association of the Holding Company to reflect the reduction in par value of the ordinary shares.

44 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 24 SEP 2024 by the Board of Directors of the Group.

45 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

CHIEF EXECUTIVE OFFICER **DIRECTOR**